CENTRAL STATISTICAL OFFICE

CSO Economic Trends

ARTICLES

The effects of taxes and benefits on household income 1987

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Release dates of economic statistics to be published in June 1990

This is issued by the Central Statistical Office on behalf of the Government Statistical Service and other organisations as a guide to the publication dates of major economic series in June 1990. The dates are targets which are correct at the time of going to press. Exceptionally, there may be some delays due to unavoidable statistical problems. Enquiries about release of individual series should be made to the source named.

Publication date	Series	Method of release	Source
June			
Fri 1	Capital expenditure and stockbuilding (1st quarter-provisional)	BB	CSO
	Engineering sales and orders at current and constant prices (March)	BB	CSO
Mon 4	UK official reserves (May)	PN	HMT
	Retail sales (April-final)	PN	CSO
	Credit business (April)	PN	CSO
Tues 5	Company liquidity survey (1st quarter)	BB	CSO
Wed 6	Advance energy statistics (April)	PN	Dept. of Energy
	Overseas travel and tourism (March)	PN	DE
	Details of employment, unemployment, earnings, prices and other indicators	EG	DE
Thurs 7	CBI/FT Survey of distributive trades (May)	PN	CBI
	Manufacturers' investment intentions for 1990 and 1991	PN	CSO
	Housing starts and completions (April)	PN	DOE
	House renovations (1st quarter)	PN	DOE
Fri 8	Construction output (1st quarter)	PN	DOE
Mon 11	Retail sales (May-provisional)	PN	CSO
	Producer price index numbers (May-provisional)	PN	CSO
	Capital issues and redemption (May)	PN	Bank of England
Tues 12	International banking statistics (1st quarter)	PN	Bank of England
Wed 13	UK Balance of payments (1st quarter)	PN	CSO
Thurs 14	Labour market statistics: unemployment and vacancies (May-provisional); average earnings indices (April-provisional); employment, hours, productivity and unit wage costs; industrial disputes	PN	DE
	Provisional figures of vehicle production (May)	PN	SMMT
Fri 15	Usable steel production (May)	PN	British Steel plc/BISPA
	Retail prices index and tax and price index (May)	PN	CSO
Sun 17	National Savings results (May)	PN	Dept. for National Savings
Mon 18	Index of output of the production industries (April)	PN	CSO
	Public sector borrowing requirement (May)	PN	HMT/CSO
Wed 20	London and Scottish banks monthly statement (May)	PN	CLSB
	Provisional estimates of monetary aggregates (May)	PN	Bank of England
	Construction — new orders (April-provisional)	PN	DOE
Fri 22	Building societies monthly figures (May)	PN	BSA
	Gross domestic product (1st quarter-provisional)	PN	CSO
	Balance of payments current account and overseas trade figures (May)	PN	CSO
Mon 25	CBI Monthly Trends Enquiry (June)	PN	CBI
Tues 26	Personal income, expenditure and saving (1st quarter)	PN	CSO
	Industrial and commercial companies (1st quarter)	PN	CSO
Wed 27	Cyclical indicators for the UK economy (May)	PN	CSO
Thurs 28	New vehicle registrations (May)	PN	DTp
	Energy trends (April)	PN	Dept. of Energy
Fri 29	Capital expenditure and stockbuilding (1st quarter-revised)	BB	CSO
	Engineering sales and orders at current and constant prices (April)	BB	CSO
	London sterling certificates of deposit (May)	PN	Bank of England
	Bill turnover statistics (May)	PN	Bank of England
	Monetary statistics (including bank and building society balance sheets) (May)	PN	Bank of England
	Sterling commercial paper (May)	PN	Bank of England

PN = Press Notice
BB = British Bulletin

CENTRAL STATISTICAL OFFICE

Economic Trends

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Government Statistical Service

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The sources of the series published in this volume and further information about them are shown in the index. Current telephone numbers of these sources as well as general information about *Economic Trends* can be obtained from the Central Statistical Office, Great George Street, London SW1P 3AQ. Telephone: 071-270 6363/6364.

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Introduction

Economic Trends brings together all the main economic indicators. It contains three regular sections of tables and charts illustrating trends in the UK economy.

'Latest developments' presents the most up-to-date statistical information available during the month. It is important to note that data included in this section may not be wholly consistent with other sections which have gone to press earlier. All data in this section are seasonally adjusted unless otherwise stated. In most cases estimates are provisional and subject to revision.

The main section is based on information available to the CSO on the date printed at the foot of this page and shows the movements of the key economic indicators. The indicators appear in tabular form on left hand pages with corresponding charts on facing right hand pages. Colour has been used to aid interpretation in some of the charts, for example by creating a background grid on those charts drawn to a logarithmic scale. Index numbers in some tables and charts are given on a common base year for convenience of comparison.

The section on cyclical indicators shows the movements of four composite indices over 20 years against a reference chronology of business cycles. The indices group together indicators which lead, coincide with and lag behind the business cycle, and a short note describes their most recent movements. The February, May, August and November issues carry further graphs showing separately the movements in all of the 27 indicators which make up the composite indices.

In addition, quarterly articles on the national accounts appear in the January, April, July and October issues, and on the balance of payments in the March, June, September and December issues. Occasional articles comment on and analyse economic statistics and introduce new series, new analyses and new methodology.

Economic Trends is prepared monthly by the Central Statistical Office in collaboration with the statistics divisions of Government Departments and the Bank of England.

Notes on the tables

1. The statistics relate mainly to the United Kingdom; where figures are for Great Britain only, this is shown on the table.
2. Similarly, almost all quarterly data are seasonally adjusted; those not seasonally adjusted are indicated by NSA.
3. Some data, particularly for the latest time period, are provisional and may be subject to revision in later issues.
4. Rounding may lead to inconsistencies between the sum of constituent parts and the total in some tables.
5. A line drawn across a column between two consecutive figures indicates that the figures above and below the line have been compiled on different bases and are not strictly comparable. In each case a footnote explains the difference.
6. 'Billion' denotes one thousand million.
7. There may sometimes be an inconsistency between a table and the corresponding chart, because the data may be received too late to update the chart. In such cases it should be assumed that the table is correct.
8. There is no single correct definition of *money* and there are many liquid assets which are not included in any of the UK monetary aggregates but which nevertheless need to be taken into account on occasions when interpreting monetary conditions. Consequently, many definitions of money stock are widely used:

M0 the narrowest measure consists of notes and coin in circulation outside the Bank of England and bankers' operational deposits at the Bank.

M2 comprises notes and coin in circulation with the public *plus* sterling retail deposits held by the UK private sector with UK banks, with building societies and in the National Savings Bank ordinary account.

M4 comprises notes and coin in circulation with the public, together with all sterling deposits (including *certificates of deposit)* held with UK banks and building societies by the rest of the private sector.

M5 is equal to ***M4 plus*** private sector holdings of certain money-market instruments, CTDs, and some national savings instruments.

9. Symbols used:
   - . . not available
   - — nil or less than half the final digit shown
   - + alongside a heading indicates a series for which measures of variability are given in the table on page 83
   - † indicates that the data is either new or has been revised since last edition; the period marked is the earliest in the table to have been revised
   - * average (or total) of five weeks.

The Editor would welcome readers' suggestions for improvements to Economic Trends.

Central Statistical Office, 31 May 1990

CSO Databank

Virtually all the series in *Economic Trends* and the Quarterly Articles may be obtained as part of the CSO Databank Service on tape or disk. This enables users to obtain (in computer-readable form) a much more comprehensive and up-to-date set of long run macro-economic time series data than can be included in this publication. The tape format, unlabelled EBCDIC, is the same for all datasets. The disks, either 3½" or 5¼" are written in ASCII text which can be loaded as spreadsheets and viewed using standard spreadsheet packages, such as LOTUS or SMART.

Details of the service offered and the schedule of charges may be obtained from the Databank Manager, CSO Branch E1, Room 52/4, Government Offices, Great George Street, London SW1P 3AQ (telephone 071-270 6386). CSO does not offer direct on-line access for these data but a list of host bureaux offering such a facility is available on request from CSO.

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Latest developments in the economy

Data available at 4 June 1990

Balance of payments

In April the current account deficit was £1.8 billion, compared with a revised estimate of £2.1 billion in March. In the three months to April there was a deficit of £5.2 billion, close to the figure for the previous three months.

In April the visible deficit was £1.8 billion compared with £2.1 billion in March; excluding oil and erratic items, it rose by £0.1 billion. In the three months to April the deficit was £5.2 billion, compared with £4.7 billion in the previous three months; excluding oil and erratic items, it rose by £0.1 billion.

In April invisibles are projected to be in balance (a surplus on transactions by the private sector partly offset by a deficit on government transactions).

Exports of goods (balance of payments basis) in April were valued at £8.7 billion, 3½ per cent higher than in March. In the three months to April, the value of exports was ½ per cent higher than in the previous three months, and 19 per cent higher than a year earlier. Excluding oil and erratic items, these percentages were 2 per cent and 17 per cent respectively. Also excluding oil and erratic items, the volume of exports in the three months to April was ½ per cent higher than in the previous three months and 11 per cent higher than a year earlier.

In April the value of imports was £10.5 billion, and little changed from March. In the three months to April the value of imports was 2½ per cent higher than in the previous three months, and 11 per cent higher than a year earlier. Excluding oil and erratic items, imports in the latest three months were 2 per cent higher than in the previous three months, and 8½ per cent higher than a year earlier. Also excluding oil and erratic items, the volume of imports in the three months to April was 2 per cent higher than the previous three months and 3 per cent higher than a year earlier.

Capital expenditure

The provisional estimate of capital expenditure by the manufacturing industries in the first quarter of 1990 is £3,091 million, at 1985 prices. This is over 1 per cent higher than in the previous quarter and 9 per cent higher than in the first quarter of 1989. The total figure includes direct expenditure of £2,766 million and leased assets of £325 million.

Total investment, including leased assets, in the last four quarters is almost 8 per cent up on the preceding four quarters. On the same annual basis of comparison, there is an increase of almost 10 per cent for plant and machinery and over 1 per cent for new building work, but a decrease of over 4 per cent for vehicles.

Consumers' expenditure

The final estimate of retail sales volume in April is 124.0 (1985 = 100). This is above the level in March but a little below the February figure. In February to April sales were 1 per cent higher than in the previous three months and 1½ per cent higher than in the same period a year earlier.

Monetary aggregates

Provisional information suggests that in the twelve months to April and before seasonal adjustment, M0 rose by 8.9 per cent, M4 by 17.5 per cent and M5 by 17.1 per cent. In April M0 rose by 3.8 per cent, M4 by 0.4 per cent and M5 by 0.6 per cent, before seasonal adjustment. After seasonal adjustment, M0 rose by 1.7 per cent, M4 by 0.6 per cent and M5 by 0.7 per cent.

Unemployment and vacancies

The level of unemployment in the UK increased by 1,200 to 1.606 million in April, 5.6 per cent of the workforce. Over the past six months unemployment has fallen on average by 11,500 per month. The stock of unfilled vacancies at Jobcentres increased by 4,600 in the month to April to 200,200. Over the past three months to April, vacancies have increased on average by 300 per month.

Employment

The UK workforce in employment (employees in employment, the self-employed, HM forces and participants in work related government training programmes) was 27,075,000 in December 1989, 728,000 more than December 1988. This continues the upwards trend of the six years but is less than the increase of 785,000 in the year to December 1988 and is the lowest annual increase since the year to September 1987 (661,000).

New figures this month show that in March 1990 the estimated number of employees in employment in manufacturing industries in Great Britain fell by 18,000 to 5,122,000. Over the year to March 1990 the number of employees in manufacturing industries fell by 46,000 compared with a rise of 47,000 in the previous 12 months.

Earnings

The underlying increase in average weekly earnings in the year to March was about 9¼ per cent, the same as the increase in the year to February. The actual increase in the year to December, at 9.2 per cent, was lower than the underlying increase because of timing adjustments for bonus payments and settlements.

In production industries, the underlying increase in average weekly earnings in the year to March was about 9¾ per cent, a rise of ¼ per cent on the increase in the year to February, which has been revised from 9½ per cent. Within this sector, in manufacturing industries, the underlying increase in the year to March was about 9¼ per cent, which was ¼ per cent above the increase in the year to February, which has been revised up from 8¾ per cent. The actual increase for production industries and manufacturing industries in the year to March were 10.3 per cent and 10.4 per cent respectively.

Productivity

Manufacturing output per head in the first quarter of 1990 was 1 per cent higher than in the previous quarter and 1 per cent higher than in the same period of 1989. Output per head in the whole economy in the fourth quarter of 1989 was unchanged compared with the third quarter and ½ per cent lower than in the same period of 1988.

Unit wage and salary costs

In the first quarter of 1990 wages and salaries per unit of output in manufacturing industries were 1 ½ per cent higher than in the previous quarter and 8 per cent higher than in the same period of 1989.

Official reserves

The UK official reserves fell by $94 million in May. Proceeds from this month's tender of UK ECU Treasury Bills amounted to $1,168 million, whereas maturing UK ECU Treasury Bills were $1,056 million. Repayments of borrowing under the exchange cover scheme amounted to $17 million. There was no new borrowing under the exchange cover scheme. Repayments of other public sector debt taken out under the exchange cover scheme and assigned to HM Government amounted to $238 million. Repayment of HMG debt amounted to $16 million. After taking account of foreign currency borrowing and repayments, the underlying change in the reserves during May was a rise of $65 million. At the end of May the reserves stood at $38,934 million compared with $39,028 million at the end of April.

Prices (not seasonally adjusted)

The general index of retail prices (RPI) on 10 April 1990 was 125.1 (January 1987 = 100), an increase of 3.0 per cent on March and 9.4 per cent since April 1989. The increase in the index between March and April largely reflects the increase in payments for local authority services, duty increases for alcohol, tobacco and petrol as announced in the Budget, as well as annual increases for rents and utilities. There were also price rises for food, clothing, motor vehicles and leisure services. The tax and price index (TPI) for April was 118.2 (January 1987 = 100), an increase over the previous 12 months of 7.7 per cent.

The input price index for materials and fuel purchased by manufacturing industry rose by 1.1 per cent in the 12 months to April following an increase of 2.8 per cent in the 12 months to March. From March to April, the index fell slightly, with rises in the prices of food manufacturing materials being offset by falls in the prices of metals and other imported materials. The seasonally adjusted index fell by 0.5 per cent between March and April.

Stockbuilding

Provisional estimates of stockbuilding by manufacturing, wholesalers and retailers in the first quarter is a fall £109 million. Manufacturers increased their stocks by £95 million following a reduction of £612 million in the previous quarter. Stocks of work in progress rose by £291 million in the first quarter. Stocks of materials, stores and fuel and of finished goods were reduced by £68 million and £129 million respectively. The ratio of stocks to output (fourth quarter 1984 = 100) fell from 82.2 at the end of December to 81.6 at the end of March. Wholesalers reduced their stocks by £141 million in the first quarter following a fall of £72 million in the previous quarter. Retailers' stocks fell by £63 million following a fall of £20 million in the previous quarter. The ratio of retail stocks to sales (fourth quarter 1985 = 100) fell from 101.2 at the end of December to 100.0 at the end of March.

1 Selected monthly indicators

	Volume of retail sales (GB)+ (1985=100)	Index of output of production industries (1985=100)	Unemployed (thousands)	Vacancies at job centres (thousands)	Average earnings - whole economy (GB) (1988=100)	Producer price index of materials and fuel (1985=100)	Retail prices index (all items) (January 1987=100) (NSA)	Tax and price index (January 1987=100) (NSA)	Sterling exchange rate index (1985=100) (NSA)	UK official reserves ($ million) (NSA)	Balance of payments: current balance (£ million)	Money stock M4 (£ million)
	FAAM	DVIM	BCJD	DPCB	DNAB	DZDQ	CHAW	DQAB	AJHV	AIPI	AIMF	AUYN
1988 Dec	120.9*	110.0	2 038.3	237.8	105.8	100.4	110.3	106.3	97.7	51 685	-1 565	357 473
1989 Jan	119.6	109.9	1 995.1	230.9	105.4	101.3	111.0	107.1	97.9	51 705	-1 393	361 311
Feb	121.8	110.1	1 951.9	229.9	106.1	100.9	111.8	108.0	97.3	51 683	-1 753	365 585
Mar	122.4*	110.0	1 920.5	224.9	107.3	102.8	112.3	108.5	95.9	46 931	-1 413	372 669
Apr	120.9	111.6	1 860.1	223.2	107.4	104.1	114.3	109.8	95.4	47 256	-1 671	375 403
May	124.0	108.5	1 839.1	219.5	107.6	104.9	115.0	110.5	94.3	46 087	-1 489	379 979
Jun	121.1*	108.6	1 811.3	224.4	108.4	104.8	115.4	110.9	91.1	43 665	-1 730	388 657 388 602
Jul	120.8	110.0	1 785.1	220.6	109.1	104.0	115.5	111.1	92.3	43 631	-1 991	391 415
Aug	121.5	111.3	1 742.7	219.5	108.9	104.0	115.8	111.4	91.6	43 208	-2 361	398 141
Sep	122.1*	111.1	1 692.7	220.7	110.9	105.1	116.6	112.2	91.3	42 876	-1 956	406 835
Oct	121.8	111.1	1 674.5	214.6	112.2	105.4	117.5	111.7	89.7	39 681	-1 920	409 426
Nov	121.6	110.5	1 652.0	209.5	112.8	105.9	118.5	112.8	87.9	38 767	-2 019	414 055
Dec	123.2*	110.7	1 634.6	195.4	113.5	105.4	118.8	113.1	86.5	38 645	-1 155	423 092
1990 Jan	122.1	110.5	1 612.1	199.3	115.1	104.7	119.5	113.9	87.9	38 448	-2 001	427 974
Feb	124.8	109.8	1 610.4	198.7	115.6	103.7	120.2	114.7	89.6	38 537	-1 384	431 834
Mar	122.6*	111.8	1 604.4	195.6	117.2	105.7	121.4	115.9	87.0	39 295	-2 086	438 709
Apr	123.8	..	1 605.6	200.2	..	105.2	125.1	118.2	87.1	39 028	-1 780	..
Percentage change, latest three months on previous three months												
1988 Dec	*0.7*	*-0.2*	*-5.7*	*-1.9*	*3.3*	*-0.2*	*2.1*	*2.4*	*1.5*			
1989 Jan	*0.1*	*-0.3*	*-6.5*	*-3.0*	*3.7*	*1.0*	*1.7*	*1.9*	*2.0*			
Feb	*0.2*	*-0.5*	*-7.1*	*-4.1*	*3.5*	*1.4*	*1.6*	*1.8*	*2.0*			
Mar	*0.2*	*-0.2*	*-6.7*	*-5.3*	*2.4*	*1.8*	*1.6*	*1.9*	*0.4*			
Apr	*1.0*	*0.5*	*-6.6*	*-4.5*	*2.0*	*2.1*	*2.1*	*2.2*	*-1.2*			
May	*1.4*	*-*	*-6.1*	*-4.4*	*1.5*	*3.0*	*2.6*	*2.3*	*-2.5*			
Jun	*0.5*	*-0.4*	*-6.1*	*-2.7*	*1.4*	*2.9*	*2.9*	*2.3*	*-3.5*			
Jul	*0.1*	*-1.4*	*-5.2*	*-2.0*	*1.4*	*1.9*	*2.2*	*1.9*	*-3.8*			
Aug	*-1.0*	*-0.1*	*-5.0*	*-0.5*	*1.3*	*0.3*	*1.5*	*1.4*	*-3.7*			
Sep	*-0.3*	*1.1*	*-5.3*	*-0.9*	*1.7*	*-0.2*	*0.9*	*1.1*	*-2.0*			
Oct	*-0.1*	*1.9*	*-6.0*	*-1.5*	*2.1*	*0.3*	*1.2*	*0.8*	*-1.8*			
Nov	*-0.6*	*0.8*	*-6.0*	*-3.0*	*2.9*	*1.2*	*1.7*	*1.0*	*-2.2*			
Dec	*0.6*	*-*	*-5.0*	*-6.3*	*2.9*	*1.1*	*2.0*	*0.9*	*-4.0*			
1990 Jan	*0.4*	*-0.5*	*-4.1*	*-7.7*	*2.8*	*0.5*	*2.0*	*1.3*	*-3.8*			
Feb	*1.2*	*-0.5*	*-3.2*	*-8.0*	*2.4*	*-0.8*	*1.7*	*1.5*	*-1.8*			
Mar	*0.7*	*-0.1*	*-2.7*	*-4.2*	*..*	*-0.8*	*1.8*	*2.0*	*0.2*			
Apr	*..*	*..*	*-1.6*	*-1.6*	*..*	*-0.4*	*2.8*	*2.6*	*0.5*			
Percentage change, latest three months on corresponding period of previous year												
1988 Dec	*5.8*	*2.6*	*-19.7*	*-6.1*	*..*	*3.8*	*6.5*	*4.6*	*4.2*			
1989 Jan	*4.5*	*1.9*	*-20.3*	*-7.7*	*..*	*5.1*	*6.9*	*5.0*	*4.5*			
Feb	*4.1*	*2.1*	*-21.1*	*-7.9*	*..*	*5.5*	*7.3*	*5.5*	*5.1*			
Mar	*3.7*	*1.6*	*-21.4*	*-9.2*	*9.4*	*6.4*	*7.7*	*5.9*	*3.9*			
Apr	*3.8*	*2.3*	*-22.0*	*-10.7*	*9.4*	*7.0*	*7.9*	*6.8*	*1.4*			
May	*3.9*	*0.7*	*-22.2*	*-12.7*	*9.4*	*7.5*	*8.1*	*7.6*	*-1.6*			
Jun	*2.9*	*-0.1*	*-22.4*	*-13.0*	*9.4*	*6.7*	*8.2*	*8.4*	*-3.2*			
Jul	*2.2*	*-1.1*	*-21.8*	*-12.6*	*9.2*	*5.2*	*8.3*	*8.4*	*-3.4*			
Aug	*1.1*	*-0.2*	*-21.5*	*-11.3*	*9.0*	*4.1*	*7.9*	*8.1*	*-3.9*			
Sep	*1.1*	*0.3*	*-21.8*	*-10.4*	*9.1*	*4.3*	*7.7*	*7.8*	*-3.6*			
Oct	*1.2*	*0.7*	*-22.1*	*-10.6*	*9.5*	*5.3*	*7.4*	*7.0*	*-4.9*			
Nov	*1.1*	*0.3*	*-22.1*	*-11.5*	*9.6*	*6.0*	*7.5*	*6.7*	*-6.3*			
Dec	*1.0*	*0.5*	*-21.1*	*-14.4*	*8.7*	*5.7*	*7.6*	*6.3*	*-8.9*			
1990 Jan	*1.5*	*0.4*	*-20.2*	*-14.9*	*8.6*	*4.8*	*7.7*	*6.4*	*-10.2*			
Feb	*2.2*	*0.3*	*-18.8*	*-15.1*	*8.4*	*3.7*	*7.6*	*6.3*	*-9.9*			
Mar	*1.5*	*0.6*	*-17.7*	*-13.4*	*..*	*3.0*	*7.8*	*6.5*	*-9.1*			
Apr	*..*	*..*	*-15.9*	*-12.3*	*..*	*2.2*	*8.4*	*6.9*	*-8.6*			

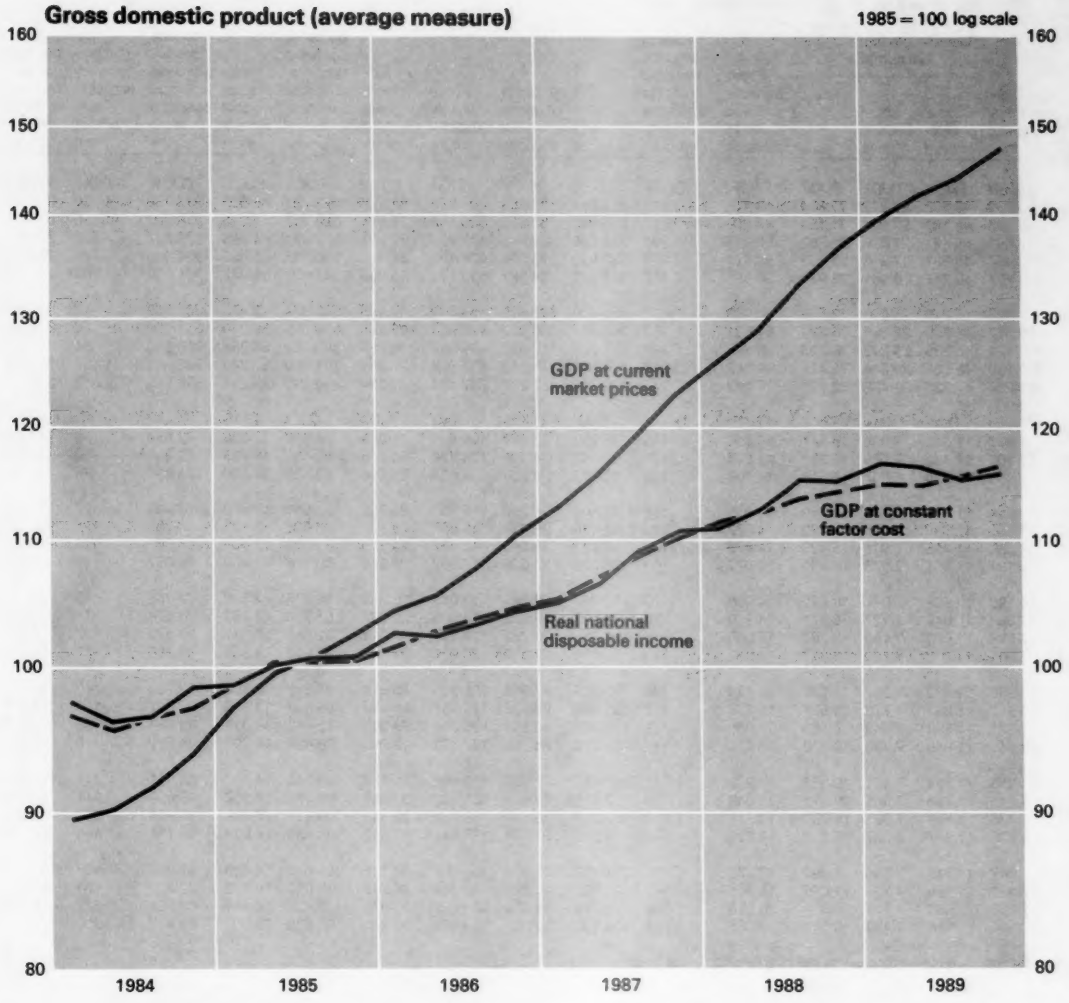
Sources: Department of Trade and Industry; Department of Employment; Central Statistical Office; Bank of England

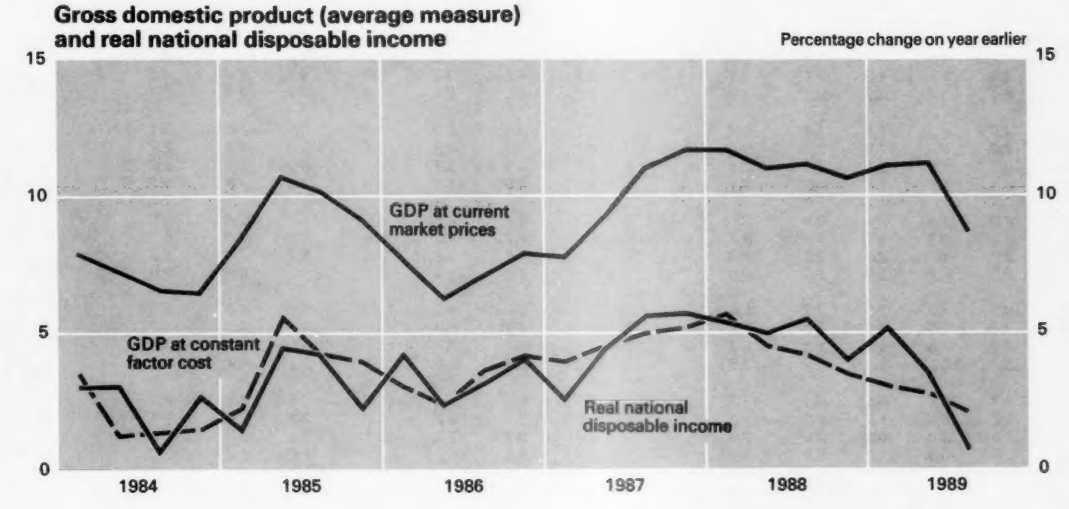
2 National accounts aggregates

	Gross domestic product									Gross national disposable income: average estimate at 1985 market prices[3] (1985=100)	Implied gross domestic product deflators based on expenditure data	
	At current prices				At 1985 prices							
	At market prices		At factor cost			At factor cost						
	Average estimate (£ mn)	Average estimate[1] (1985=100)	Expenditure-based estimate (£ mn)	Income-based estimate (£ mn)	Average estimate at market prices (1985=100)	Average estimate (1985=100)	Expenditure-based estimate (1985=100)	Income-based estimate[2] (1985=100)	Output-based estimate (1985=100)		At market prices (1985=100)	At factor cost[4] (1985=100)
	CAOB	DJCL	DJAE	DJAL	FNAO	DJDD	DJDE	DIAR	DSAE	DJCR	DJDT	DJCM
1980	231 272	65.1	201 276	199 757	90.8	90.7	91.0	90.4	90.3	89.8	71.7	72.3
1981	254 294	71.6	219 558	217 587	89.6	89.7	90.2	89.4	89.0	89.5	79.8	79.5
1982	278 408	78.4	238 115	237 547	91.2	91.3	91.4	91.2	91.0	91.1	85.9	85.2
1983	303 634	85.5	261 094	260 658	94.4	94.6	94.8	94.7	94.0	94.9	90.5	90.0
1984	324 443	91.3	279 112	278 457	96.5	96.2	96.1	95.9	96.5	97.1	94.7	94.9
1985	355 317	100.0	305 889	305 854	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986	380 928	107.2	324 334	325 025	103.6	103.3	103.3	103.6	103.2	103.4	103.5	102.6
1987	418 610	117.8	356 202	354 905	108.4	107.9	108.0	107.6	108.0	107.7	108.6	107.8
1988	465 895	131.1	394 621	397 057	113.4	112.8	112.4	113.1	113.1	113.4	115.7	114.8
1989	508 859	143.2	431 701	434 363	116.0	115.4	114.7	115.4	116.0	115.9	123.5	123.1
			DJBA	DJBE								
1985 Q2	88 470	99.6	76 406	76 370	100.2	100.4	100.4	100.4	100.4	100.2	99.4	99.5
Q3	89 632	100.9	76 886	76 901	100.3	100.2	100.2	100.3	100.2	100.3	100.6	100.3
Q4	91 023	102.5	78 078	78 131	100.6	100.7	100.7	100.8	100.6	100.7	101.8	101.4
1986 Q1	92 767	104.4	79 379	79 580	102.0	101.7	101.7	102.0	101.5	102.7	102.4	102.1
Q2	94 041	105.9	80 041	80 246	102.8	102.7	102.7	103.0	102.6	102.5	103.0	101.9
Q3	95 958	108.0	81 544	81 723	104.2	103.8	103.9	104.1	103.7	103.6	103.7	102.7
Q4	98 162	110.5	83 370	83 476	105.3	104.9	105.0	105.1	104.8	104.7	104.9	103.8
1987 Q1	100 019	112.6	85 326	84 995	106.0	105.4	105.6	105.2	105.6	105.2	106.2	105.6
Q2	102 876	115.8	87 616	87 230	107.4	107.1	107.2	106.8	107.1	106.7	107.9	106.8
Q3	106 376	119.8	90 333	89 980	109.6	108.9	109.0	108.6	109.1	109.0	109.3	108.4
Q4	109 339	123.1	92 927	92 700	110.8	110.1	110.1	109.9	110.3	110.1	111.1	110.3
1988 Q1	111 760	125.8	95 013	95 388	111.9	111.5	111.2	111.6	111.8	111.0	112.5	111.8
Q2	114 353	128.7	96 579	97 140	112.6	112.1	111.7	112.4	112.4	112.3	114.3	113.0
Q3	118 243	133.1	100 009	100 713	114.0	113.6	113.1	113.9	113.7	115.2	116.7	115.7
Q4	121 539	136.8	103 020	103 816	114.9	114.0	113.4	114.3	114.5	115.1	119.1	118.8
1989 Q1	123 953	139.5	105 393	106 041	115.1	114.9	114.2	115.0	115.6	116.7	121.2	120.6
Q2	126 105	142.0	106 842	107 497	115.4	114.7	114.1	114.8	115.4	116.2	123.0	122.5
Q3	127 886	144.0	108 363	109 037	116.2	115.5	114.8	115.6	116.1	115.3	123.9	123.4
Q4	130 915	147.4	111 103	111 788	117.1	116.3	115.6	116.3	116.8	115.6	125.8	125.7
1990 Q1	..	..	..	..	..	..	..	..	117.3	..	..	..
Percentage change, quarter on corresponding quarter of previous year[5]												
1985 Q2	*10.6*	*10.6*	*11.4*	*11.7*	*4.6*	*5.4*	*5.7*	*6.0*	*4.5*	*4.3*	*5.7*	*5.4*
Q3	*10.1*	*10.1*	*10.1*	*9.4*	*4.0*	*4.2*	*4.5*	*3.8*	*4.1*	*4.2*	*5.8*	*5.4*
Q4	*9.1*	*9.1*	*8.2*	*8.5*	*3.5*	*3.8*	*3.7*	*4.0*	*3.3*	*2.3*	*5.4*	*4.3*
1986 Q1	*7.6*	*7.6*	*6.5*	*6.9*	*3.1*	*3.1*	*3.1*	*3.5*	*2.7*	*4.1*	*4.4*	*3.3*
Q2	*6.3*	*6.3*	*4.8*	*5.1*	*2.6*	*2.3*	*2.3*	*2.6*	*2.2*	*2.2*	*3.6*	*2.4*
Q3	*7.1*	*7.1*	*6.1*	*6.3*	*3.9*	*3.6*	*3.6*	*3.8*	*3.5*	*3.2*	*3.1*	*2.4*
Q4	*7.8*	*7.8*	*6.8*	*6.8*	*4.7*	*4.2*	*4.3*	*4.3*	*4.2*	*3.9*	*3.0*	*2.4*
1987 Q1	*7.8*	*7.8*	*7.5*	*6.8*	*3.9*	*3.7*	*3.8*	*3.2*	*4.0*	*2.4*	*3.7*	*3.5*
Q2	*9.4*	*9.4*	*9.5*	*8.7*	*4.5*	*4.2*	*4.4*	*3.6*	*4.4*	*4.1*	*4.7*	*4.9*
Q3	*10.9*	*10.9*	*10.8*	*10.1*	*5.2*	*4.9*	*5.0*	*4.3*	*5.2*	*5.2*	*5.4*	*5.5*
Q4	*11.4*	*11.4*	*11.5*	*11.0*	*5.2*	*4.9*	*4.9*	*4.5*	*5.3*	*5.1*	*5.9*	*6.3*
1988 Q1	*11.7*	*11.7*	*11.4*	*12.2*	*5.5*	*5.7*	*5.3*	*6.1*	*5.8*	*5.5*	*5.9*	*5.8*
Q2	*11.2*	*11.2*	*10.2*	*11.4*	*4.9*	*4.7*	*4.2*	*5.3*	*4.9*	*5.3*	*6.0*	*5.8*
Q3	*11.2*	*11.2*	*10.7*	*11.9*	*4.1*	*4.3*	*3.7*	*4.9*	*4.2*	*5.7*	*6.8*	*6.7*
Q4	*11.2*	*11.2*	*10.9*	*12.0*	*3.7*	*3.6*	*3.0*	*4.1*	*3.8*	*4.5*	*7.2*	*7.6*
1989 Q1	*10.9*	*10.9*	*10.0*	*11.2*	*2.9*	*3.0*	*2.8*	*3.0*	*3.4*	*5.1*	*7.7*	*7.9*
Q2	*10.3*	*10.3*	*10.6*	*10.7*	*2.5*	*2.3*	*2.1*	*2.1*	*2.7*	*3.4*	*7.6*	*8.4*
Q3	*8.2*	*8.2*	*8.4*	*8.3*	*1.9*	*1.7*	*1.6*	*1.5*	*2.1*	*0.1*	*6.1*	*6.7*
Q4	*7.7*	*7.7*	*7.8*	*7.7*	*2.0*	*2.0*	*1.9*	*1.8*	*2.1*	*0.5*	*5.6*	*5.8*
1990 Q1	..	..	..	..	..	..	..	..	*1.5*	..	..	..

1 "Money GDP".
2 Income data deflated by the implied GDP deflator at factor cost based on expenditure data.
3 Also known as Real national disposable income (RNDI).
4 Also known as the Index of total home costs.
5 These estimates of change are based in some cases on less rounded figures than in the table.

Source: Central Statistical Office


Gross domestic product (average measure)
1985 = 100 log scale
160
150
140
130
120
110
100
90
80
GDP at current market prices
GDP at constant factor cost
Real national disposable income
1984
1985
1986
1987
1988
1989


Gross domestic product (average measure) and real national disposable income
Percentage change on year earlier
15
10
5
0
GDP at current market prices
GDP at constant factor cost
Real national disposable income
1984
1985
1986
1987
1988
1989

3 Gross domestic product: by category of expenditure[1]

£ million, 1985 prices

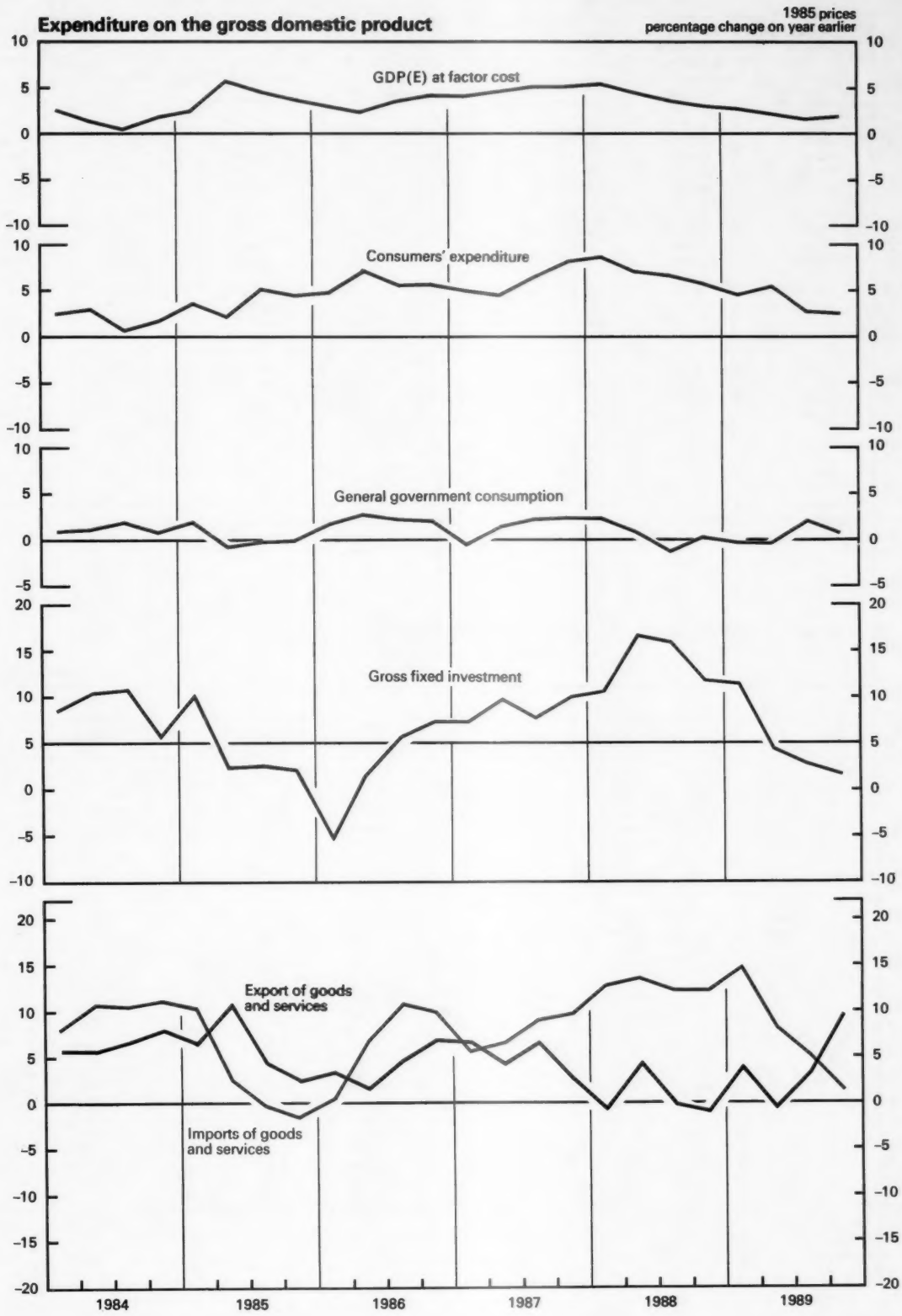
	Domestic expenditure on goods and services at market prices														
		General government final consumption													
	Consumers' expenditure	Central government	Local authorities	Total	Gross domestic fixed capital formation	Value of physical increase in stocks and work in progress[2]	Total	Exports of goods and services	Total final expenditure	*less* Imports of goods and services	Gross domestic product (expenditure based) at market prices	*less* Factor cost adjustment	Gross domestic product (expenditure based) at factor cost	Statistical discrepancy (expenditure adjustment)	Gross domestic product (average estimate) at factor cost[3]
	CCBH	DJDK	DJDL	DJCZ	DFDM	DHBK	DIEL	DJCV	DJDA	DJCY	DJCX	DJCU	DJCW	GIXS	CAOP
1980	195 060	43 690	27 272	70 984	53 416	-3 371	315 944	88 966	404 872	81 134	323 721	45 305	278 458	-1 050	277 408
1981	195 173	44 108	27 074	71 184	48 298	-3 200	310 888	88 307	399 148	78 878	320 247	44 246	276 007	-1 710	274 297
1982	197 051	44 421	27 318	71 762	50 915	-1 281	318 186	89 048	407 203	82 721	324 471	44 895	279 587	-426	279 161
1983	205 484	45 281	27 912	73 193	53 476	1 357	333 510	90 971	424 481	88 116	336 365	46 355	290 010	-770	289 240
1984	209 207	45 741	28 161	73 902	58 058	1 112	342 279	96 892	439 171	96 735	342 436	48 377	294 059	289	294 348
1985	217 023	45 879	28 000	73 879	60 343	615	351 860	102 639	454 499	99 165	355 334	49 445	305 889	-17	305 872
1986	229 447	46 729	28 568	75 297	61 581	752	367 077	106 907	473 984	105 885	368 099	52 040	316 059	-76	315 983
1987	243 121	46 833	29 273	76 106	66 890	1 178	387 295	112 372	499 667	113 965	385 702	55 354	330 348	-384	329 964
1988	260 159	46 905	29 514	76 419	76 042	3 916	416 536	113 142	529 678	128 269	401 409	57 740	343 669	1 359	345 028
1989	269 986	47 336	29 469	76 805	79 702	3 215	429 708	117 776	547 484	137 394	410 090	59 267	350 823	2 010	352 833
	CAAB	DIAV	DIAW	DIAT	DECU	DGBA	DIAY	DJDG	DIAU	DJDJ	DJDI	DIAS	DJDH		
1984 Q2	52 477	11 541	7 000	18 541	14 390	-156	85 252	23 697	108 949	24 059	84 890	12 236	72 654	169	72 823
Q3	52 100	11 452	7 069	18 521	14 572	170	85 363	24 496	109 859	24 378	85 481	12 085	73 396	150	73 546
Q4	52 786	11 529	6 987	18 516	14 709	736	86 747	24 937	111 684	25 256	86 428	12 190	74 238	-79	74 159
1985 Q1	53 614	11 676	6 954	18 630	15 816	-156	87 904	25 299	113 203	25 342	87 861	12 428	75 433	22	75 455
Q2	53 635	11 337	6 995	18 332	14 672	779	87 418	26 239	113 657	24 662	88 995	12 199	76 796	-6	76 790
Q3	54 643	11 455	6 978	18 433	14 878	-112	87 842	25 545	113 387	24 315	89 072	12 409	76 663	-16	76 647
Q4	55 131	11 411	7 073	18 484	14 977	104	88 696	25 556	114 252	24 846	89 406	12 409	76 997	-17	76 980
1986 Q1	56 190	11 802	7 088	18 890	14 966	-179	89 867	26 146	116 013	25 393	90 620	12 838	77 782	-5	77 777
Q2	57 398	11 649	7 122	18 771	14 910	-171	90 908	26 692	117 600	26 274	91 326	12 752	78 574	-12	78 562
Q3	57 658	11 640	7 159	18 799	15 668	564	92 689	26 762	119 451	26 911	92 540	13 117	79 423	-22	79 401
Q4	58 201	11 638	7 199	18 837	16 037	538	93 613	27 307	120 920	27 307	93 613	13 333	80 280	-37	80 243
1987 Q1	58 965	11 473	7 257	18 730	16 024	-500	93 219	27 911	121 130	26 814	94 316	13 553	80 763	-140	80 623
Q2	59 940	11 681	7 293	18 974	16 357	412	95 683	27 778	123 461	27 944	95 517	13 515	82 002	-132	81 870
Q3	61 371	11 839	7 343	19 182	16 885	722	98 160	28 584	126 744	29 301	97 443	14 079	83 364	-93	83 271
Q4	62 845	11 840	7 380	19 220	17 624	544	100 233	28 099	128 332	29 906	98 426	14 207	84 219	-19	84 200
1988 Q1	64 035	11 736	7 421	19 157	17 723	741	101 656	27 752	129 408	30 257	99 151	14 130	85 021	217	85 238
Q2	64 218	11 746	7 365	19 111	19 048	39	102 416	28 986	131 402	31 655	99 747	14 308	85 439	311	85 750
Q3	65 428	11 542	7 391	18 933	19 576	1 282	105 219	28 548	133 767	32 845	100 922	14 464	86 458	387	86 845
Q4	66 478	11 881	7 337	19 218	19 695	1 854	107 245	27 856	135 101	33 512	101 589	14 838	86 751	444	87 195
1989 Q1	67 047	11 713	7 386	19 099	19 733	1 829	107 708	28 824	136 532	34 716	101 816	14 449	87 367	465	87 832
Q2	67 571	11 776	7 279	19 055	19 804	942	107 372	28 897	136 269	34 216	102 053	14 833	87 220	493	87 713
Q3	67 258	11 933	7 371	19 304	20 130	1 086	107 778	29 474	137 252	34 531	102 721	14 898	87 823	522	88 345
Q4	68 110	11 914	7 433	19 347	20 035	-642	106 850	30 581	137 431	33 931	103 500	15 087	88 413	530	88 943
Percentage change, quarter on corresponding quarter of previous year															
1984 Q2	*2.9*	*1.1*	*0.5*	*0.9*	*10.1*		*3.0*	*5.6*	*3.6*	*10.3*	*1.8*	*6.2*	*1.1*		*1.0*
Q3	*0.4*	*1.5*	*1.7*	*1.6*	*10.6*		*1.7*	*6.7*	*2.8*	*10.1*	*0.9*	*4.4*	*0.3*		*1.1*
Q4	*1.7*	*1.7*	*-0.9*	*0.7*	*5.6*		*2.7*	*7.9*	*3.8*	*10.9*	*1.9*	*3.5*	*1.7*		*1.4*
1985 Q1	*3.4*	*4.1*	*-2.1*	*1.7*	*9.9*		*3.5*	*6.5*	*4.2*	*10.0*	*2.6*	*4.7*	*2.3*		*2.2*
Q2	*2.2*	*-1.8*	*-0.1*	*-1.1*	*2.0*		*2.5*	*10.7*	*4.3*	*2.5*	*4.8*	*-0.3*	*5.7*		*5.4*
Q3	*4.9*	-	*-1.3*	*-0.5*	*2.1*		*2.9*	*4.3*	*3.2*	*-0.3*	*4.2*	*2.7*	*4.5*		*4.2*
Q4	*4.4*	*-1.0*	*1.2*	*-0.2*	*1.8*		*2.2*	*2.5*	*2.3*	*-1.6*	*3.4*	*1.8*	*3.7*		*3.8*
1986 Q1	*4.8*	*1.1*	*1.9*	*1.4*	*-5.4*		*2.2*	*3.3*	*2.5*	*0.2*	*3.1*	*3.3*	*3.1*		*3.1*
Q2	*7.0*	*2.8*	*1.8*	*2.4*	*1.6*		*4.0*	*1.7*	*3.5*	*6.5*	*2.6*	*4.5*	*2.3*		*2.3*
Q3	*5.5*	*1.6*	*2.6*	*2.0*	*5.3*		*5.5*	*4.8*	*5.3*	*10.7*	*3.9*	*5.7*	*3.6*		*3.6*
Q4	*5.6*	*2.0*	*1.8*	*1.9*	*7.1*		*5.5*	*6.9*	*5.8*	*9.9*	*4.7*	*7.4*	*4.3*		*4.2*
1987 Q1	*4.9*	*-2.8*	*2.4*	*-0.8*	*7.1*		*3.7*	*6.8*	*4.4*	*5.6*	*4.1*	*5.6*	*3.8*		*3.7*
Q2	*4.4*	*0.3*	*2.4*	*1.1*	*9.7*		*5.3*	*4.1*	*5.0*	*6.4*	*4.6*	*6.0*	*4.4*		*4.2*
Q3	*6.4*	*1.7*	*2.6*	*2.0*	*7.8*		*5.9*	*6.8*	*6.1*	*8.9*	*5.3*	*7.3*	*5.0*		*4.9*
Q4	*8.0*	*1.7*	*2.5*	*2.0*	*9.9*		*7.1*	*2.9*	*6.1*	*9.5*	*5.1*	*6.6*	*4.9*		*4.9*
1988 Q1	*8.6*	*2.3*	*2.3*	*2.3*	*10.6*		*9.1*	*-0.6*	*6.8*	*12.8*	*5.1*	*4.3*	*5.3*		*5.7*
Q2	*7.1*	*0.6*	*1.0*	*0.7*	*16.5*		*7.0*	*4.3*	*6.4*	*13.3*	*4.4*	*5.9*	*4.2*		*4.7*
Q3	*6.6*	*-2.5*	*0.7*	*-1.3*	*15.9*		*7.2*	*-0.1*	*5.5*	*12.1*	*3.6*	*2.7*	*3.7*		*4.3*
Q4	*5.8*	*0.3*	*-0.6*	-	*11.8*		*7.0*	*-0.9*	*5.3*	*12.1*	*3.2*	*4.4*	*3.0*		*3.6*
1989 Q1	*4.7*	*-0.2*	*-0.5*	*-0.3*	*11.3*		*6.0*	*3.9*	*5.5*	*14.7*	*2.7*	*2.3*	*2.8*		*3.0*
Q2	*5.2*	*0.3*	*-1.2*	*-0.3*	*4.0*		*4.8*	*-0.3*	*3.7*	*8.1*	*2.3*	*3.7*	*2.1*		*2.3*
Q3	*2.8*	*3.4*	*-0.3*	*2.0*	*2.8*		*2.4*	*3.2*	*2.6*	*5.1*	*1.8*	*3.0*	*1.6*		*1.7*
Q4	*2.5*	*0.3*	*1.3*	*0.7*	*1.7*		*-0.4*	*9.8*	*1.7*	*1.3*	*1.9*	*1.7*	*1.9*		*2.0*

1 For years up to and including 1982, totals differ from the sum of the components because of the method used to rebase on 1985 prices.

2 Includes quarterly national accounts statistical adjustment. For explanation see Economic Trends, April 1990, issue No. 438, pages 81-82.

3 Average estimates are made in seasonally adjusted form only. No equivalent unadjusted estimates exist.

Source: Central Statistical Office


Expenditure on the gross domestic product
1985 prices
percentage change on year earlier
GDP(E) at factor cost
Consumers' expenditure
General government consumption
Gross fixed investment
Export of goods and services
Imports of goods and services
10
5
0
-5
-10
20
15
-15
-20
1984
1985
1986
1987
1988
1989

4 Personal disposable income and consumption

	£ million, current prices					£ million, 1985 prices		
	Personal income before tax							
	Total[1]	of which: Wages, salaries and forces' pay	Total personal disposable income[2]	Consumers' expenditure	Personal saving ratio[3] (percentage)+	Real personal disposable income[4] +	Real consumers' expenditure	Real personal disposable income at 1985 prices (1985=100)
	AIIQ	AIJB	AIIW	AIIX	AIIZ	CFAH	CAAB	CFAF
1986	329 742	183 131	260 884	239 535	*8.2*	249 897	229 447	104.0
1987	354 437	198 525	280 071	264 120	*5.7*	257 804	243 121	107.4
1988	391 894	221 178	308 765	296 165	*4.1*	271 227	260 159	113.1
1989	431 230	246 028	341 470	324 348	*5.0*	284 238	269 986	118.5
1986 Q1	79 638	44 430	62 803	57 840	*7.9*	61 011	56 190	101.8
Q2	82 216	45 499	65 318	59 538	*8.8*	62 969	57 398	105.0
Q3	83 403	46 210	65 946	60 454	*8.3*	62 894	57 658	104.9
Q4	84 485	46 992	66 817	61 703	*7.7*	63 023	58 201	105.1
1987 Q1	85 721	47 592	67 661	63 305	*6.4*	63 018	58 965	105.1
Q2	87 356	48 878	69 046	64 602	*6.4*	64 057	59 940	106.9
Q3	89 531	50 241	70 637	66 920	*5.3*	64 774	61 371	108.1
Q4	91 829	51 814	72 727	69 293	*4.7*	65 955	62 845	110.0
1988 Q1	94 872	53 282	74 469	71 215	*4.4*	66 958	64 035	111.7
Q2	95 724	54 417	75 691	72 762	*3.9*	66 801	64 218	111.4
Q3	99 094	55 889	78 112	75 119	*3.8*	68 035	65 428	113.5
Q4	102 204	57 590	80 493	77 069	*4.3*	69 433	66 478	115.8
1989 Q1	104 210	59 198	82 249	78 663	*4.4*	70 108	67 047	117.0
Q2	106 110	60 504	84 020	80 485	*4.2*	70 545	67 571	117.7
Q3	109 114	62 438	86 520	81 429	*5.9*	71 472	67 258	119.2
Q4	111 796	63 888	88 681	83 771	*5.5*	72 113	68 110	120.3

1 Before providing for depreciation and stock appreciation.
2 Before providing for depreciation, stock appreciation and additions to tax reserves.
3 Personal savings as a percentage of personal disposable income.
4 Personal disposable income revalued by the implied consumers' expenditure deflator (1985 = 100).

Source: Central Statistical Office

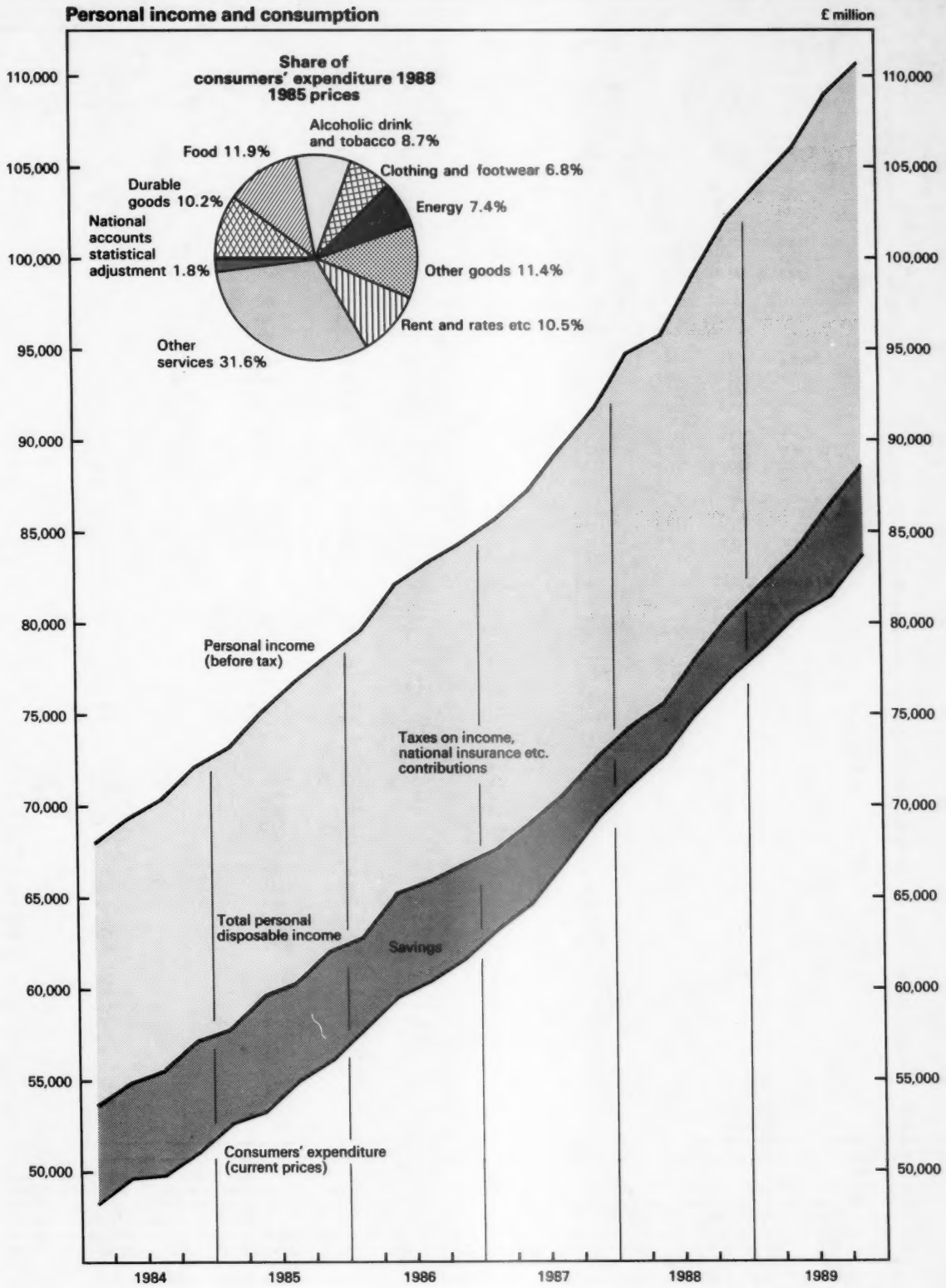
5 Real consumers' expenditure - component categories

£ million, 1985 prices

	Durable goods	Food	Alcoholic drink and tobacco	Clothing and footwear	Energy products	Other goods	Rent, rates and water charges	Other services[1]	National accounts statistical adjustment[2]	Total
	CCBW	CCCA	FCCD	FCCE	CCCG	CCCM	CCCN	CCCJ	CARU	CAAB
1986	22 105	31 499	22 662	16 200	19 360	24 716	27 269	65 636	-	229 447
1987	23 780	31 621	22 938	17 519	19 657	26 701	27 638	72 347	920	243 121
1988	26 229	31 911	23 356	18 483	20 314	29 117	28 037	80 082	2 630	260 159
1989	27 467	32 212	23 382	18 269	19 952	30 758	28 467	85 319	4 160	269 986
1985 Q3	5 165	7 724	5 642	3 805	4 724	5 827	6 740	15 016	-	54 643
Q4	5 139	7 731	5 710	3 821	4 692	5 892	6 763	15 383	-	55 131
1986 Q1	5 246	7 787	5 650	3 968	4 847	5 992	6 784	15 916	-	56 190
Q2	5 609	7 921	5 670	4 027	4 891	6 115	6 805	16 360	-	57 398
Q3	5 587	7 923	5 667	4 078	4 859	6 251	6 828	16 465	-	57 658
Q4	5 663	7 868	5 675	4 127	4 763	6 358	6 852	16 895	-	58 201
1987 Q1	5 681	7 727	5 664	4 179	4 910	6 420	6 874	17 420	90	58 965
Q2	5 808	7 798	5 736	4 316	4 808	6 629	6 896	17 759	190	59 940
Q3	6 055	8 020	5 772	4 465	4 899	6 775	6 921	18 194	270	61 371
Q4	6 236	8 076	5 766	4 559	5 040	6 877	6 947	18 974	370	62 845
1988 Q1	6 400	8 183	5 865	4 528	4 977	7 094	6 971	19 527	490	64 035
Q2	6 454	7 985	5 802	4 562	4 945	7 199	6 996	19 705	570	64 218
Q3	6 761	7 894	5 845	4 675	5 146	7 307	7 022	20 078	700	65 428
Q4	6 614	7 849	5 844	4 718	5 246	7 517	7 048	20 772	870	66 478
1989 Q1	6 944	8 103	5 822	4 611	4 711	7 706	7 077	21 143	930	67 047
Q2	7 046	8 356	5 869	4 581	5 129	7 596	7 103	20 891	1 000	67 571
Q3	6 845	7 846	5 848	4 563	4 957	7 608	7 130	21 381	1 080	67 258
Q4	6 632	7 907	5 843	4 514	5 155	7 848	7 157	21 904	1 150	68 110

1 Including the adjustments for international travel, etc. and final expenditure by private non-profit-making bodies.
2 For description of adjustment see Economic Trends, April 1990, issue No. 438, pages 81-82.

Source: Central Statistical Office


Personal income and consumption
£ million
Share of consumers' expenditure 1988 1985 prices
Alcoholic drink and tobacco 8.7%
Food 11.9%
Clothing and footwear 6.8%
Durable goods 10.2%
Energy 7.4%
National accounts statistical adjustment 1.8%
Other goods 11.4%
Rent and rates etc 10.5%
Other services 31.6%
110,000
105,000
100,000
95,000
90,000
85,000
80,000
75,000
70,000
65,000
60,000
55,000
50,000
Personal income (before tax)
Taxes on income, national insurance etc. contributions
Total personal disposable income
Savings
Consumers' expenditure (current prices)
1984
1985
1986
1987
1988
1989

6 Retail sales, new registrations of cars and credit business (Great Britain)

	Value of retail sales per week: total (average 1985=100)	Volume of retail sales per week+(average 1985=100)						New registrations of cars+ (seasonally adjusted, thousands)[3,4]	Consumer credit: change in total outstanding (£ million)	Credit business: changes in amounts outstanding (£ million)[1,2]	
		Total	Food retailers	Mixed retail businesses	Clothing and footwear retailers	Household goods retailers	Other non-food retailers			Agreements with consumers	Agreements with businesses
Sales in 1985 £ million	*87 920*	*87 920*	*32 986*	*15 865*	*8 677*	*14 717*	*15 675*				
	FAAL	FAAM	FAAN	FAAO	FAAP	FAAQ	FAAR	DKBY	-AIKM	FSBN	FSBO
1985	100.0	100.0	100.0	100.0	100	100	100	153.4	3 820	2 309	442
1986	108.9	105.3	103.4	105.0	109	111	102	156.8	4 324	2 385	822
1987	118.3	111.5	107.4	111.8	119	121	107	168.1	6 058	3 508	1 221
1988	130.4	119.2	112.9	118.6	127	135	114	184.2	6 279	3 640	1 892
1989	139.6	121.8	116.8	118.2	128	136	118	192.0	6 008	2 873	1 604
1986 Q2	107.8	104.6	102.8	104.3	110	111	101	157.8	1 105	330	82
Q3	110.1	106.0	103.2	106.8	110	113	103	156.6	1 431	770	223
Q4	112.3	107.6	104.9	107.0	112	117	103	159.3	753	501	209
1987 Q1	113.5	108.0	105.7	108.2	113	115	104	162.4	1 190	957	136
Q2	116.9	110.7	106.5	110.8	118	120	106	163.9	1 708	1 066	402
Q3	119.9	112.9	108.1	112.8	121	124	108	170.6	1 519	792	374
Q4	122.7	114.4	109.4	115.2	123	126	109	175.5	1 641	866	309
1988 Q1	126.1	117.0	111.5	116.5	125	131	112	179.8	1 464	982	375
Q2	128.9	118.5	112.5	117.7	127	133	114	179.1	1 573	993	414
Q3	132.2	120.2	113.4	119.4	129	138	114	195.2	2 118	980	538
Q4	134.5	121.0	114.0	120.8	129	138	116	182.6	1 124	685	565
1989 Q1	136.3	121.3	114.6	120.6	128	138	116	196.6	1 442	897	602
Q2	138.9	121.9	117.2	117.6	129	137	118	197.4	1 752	899	107
Q3	140.2	121.6	117.5	117.1	127	135	119	191.0	1 764	729	278
Q4	143.1	122.3	117.6	117.7	128	136	120	183.2	1 050	348	617
1990 Q1	146.3	123.1	117.8	118.0	131	139	120	181.3	..	914	98
1987 Nov	123.0	114.8	109.4	116.2	123	126	109	176.5	..	329	179
Dec	123.2*	114.6*	109.6*	114.0*	123*	127*	110*	179.7	..	299	109
1988 Jan	125.8	117.1	111.8	117.3	124	129	112	180.5	..	358	89
Feb	125.9	116.9	111.3	115.9	126	131	112	176.9	..	288	134
Mar	126.5*	117.0*	111.5*	116.4*	124*	132*	111*	182.1	..	336	152
Apr	127.9	118.0	112.2	117.6	125	131	115	167.9	..	296	98
May	129.1	118.7	112.6	116.8	129	134	114	189.1	..	301	153
Jun	129.6*	118.7*	112.6*	118.6*	126*	134*	113*	180.3	..	396	163
Jul	132.1	120.6	113.1	120.3	129	141	113	186.5	..	350	246
Aug	132.5	120.5	113.6	119.4	128	138	115	199.6	..	325	191
Sep	132.0*	119.6*	113.5*	118.7*	129*	135*	114*	199.5	..	305	101
Oct	134.2	121.2	114.0	121.1	129	138	116	171.1	..	167	118
Nov	134.6	121.1	113.7	121.1	130	137	117	185.0	..	272	328
Dec	134.7*	120.9*	114.2*	120.4*	129*	137*	116*	191.7	..	246	119
1989 Jan	133.9	119.6	111.6	119.4	127	137	116	196.9	..	344	219
Feb	136.7	121.8	115.9	120.8	127	139	116	194.8	..	153	210
Mar	137.8*	122.4*	116.0*	121.3*	130*	139*	117*	198.0	..	400	173
Apr	137.1	120.9	116.6	115.9	127	138	115	194.4	..	305	226
May	141.1	124.0	117.6	120.5	137	138	120	201.7	..	425	135
Jun	138.5*	121.1*	117.4*	116.5*	126*	134*	118*	196.0	..	169	16
Jul	138.8	120.8	117.8	114.6	126	134	119	191.4	..	285	19
Aug	140.0	121.5	117.4	118.2	126	135	119	202.2	..	280	42
Sep	141.5*	122.1*	117.5*	118.2*	129*	135*	120*	179.5	..	164	217
Oct	141.9	121.8	117.6	116.2	126	137	119	183.3	..	179	371
Nov	142.4	121.6	117.2	116.5	129	135	119	181.0	..	208	97
Dec	144.6*	123.2*	118.0*	119.8*	130*	136*	122*	185.3	..	-39	149
1990 Jan	144.1	122.1	115.9	116.3	129	139	122	189.8	..	505	9
Feb	148.2	124.8	119.5	120.0	133	143	119	165.2	..	263	95
Mar	146.5*	122.6*	118.0*	117.8*	132*	136*	120*	188.8	..	146	-6
Apr	..	123.8	..	..	..	..	..	..	..	..	..

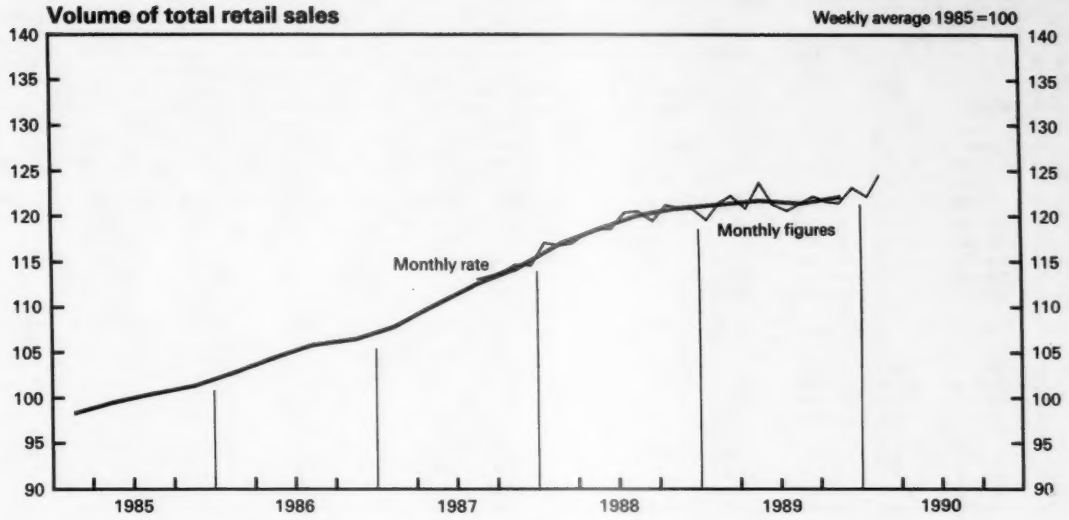
1 The series have been revised to take account of updated seasonal adjustment factors.

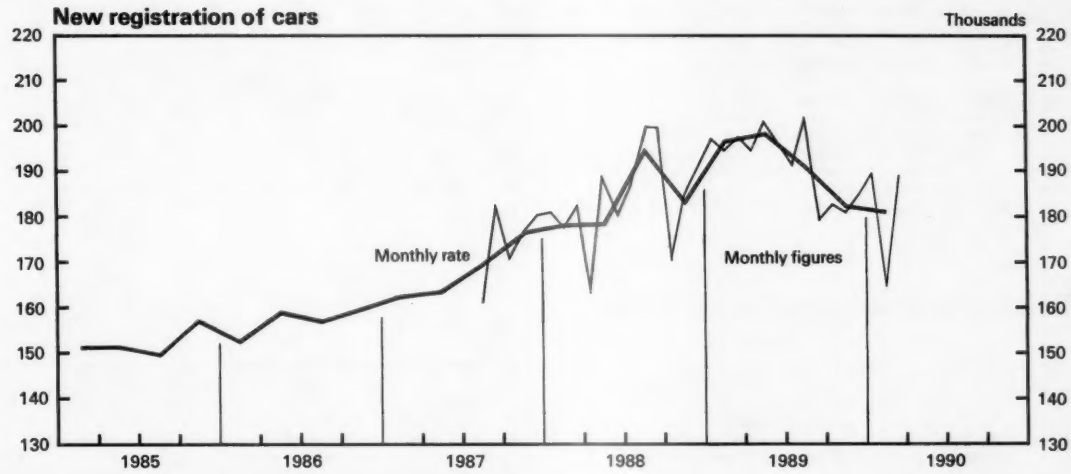
2 Changes in amounts outstanding to finance houses, other specialist credit grantors and on bank credit cards. Unsecured loans by building societies permitted under the terms of the *Building Societies Act 1986* are included from the beginning of 1987. Loans by retailers, building societies and on bank credit cards are all treated as consumer agreements. There is a break at the end of 1985. Before this, loans on bank credit cards and agreements block discounteds, with finance houses and other specialist credit grantors were excluded. Loans to consumers by finance houses and other specialist credit grantors covered agreements regulated under the *Consumer Credit Act 1974* and loans to business covered other agreements. There is a break after October 1988 in the series for consumers. This is the result of a change in recording practice relating to bank credit cards. A break occured after June 1989, in the series for consumers, when the retailers survey became a quarterly survey, hence figures from January 1988 have been adjusted to retailers. Earlier figures in the series include selected kinds of retailers.

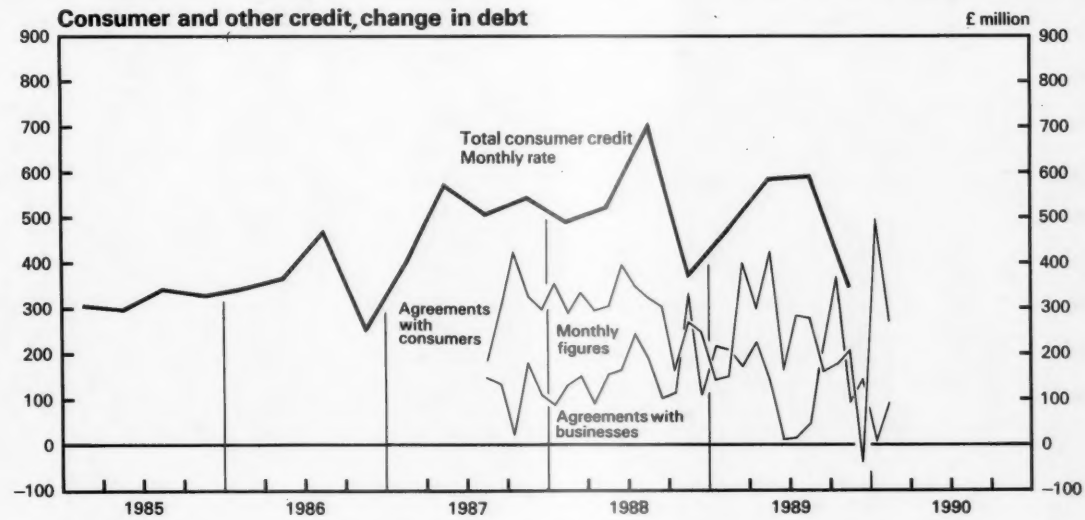
3 Seasonally adjusted figures within a complete calendar year are final estimates and seasonally adjusted figures within an incomplete calender year are provisional.

4 The annual and quarterly figures shown are totals, not monthly averages as previously shown.

Sources: Central Statistical Office; Department of Transport


Volume of total retail sales
Weekly average 1985 =100
140
135
130
125
120
115
110
105
100
95
90
Monthly rate
Monthly figures
1985
1986
1987
1988
1989
1990


New registration of cars
Thousands
220
210
200
190
180
170
160
150
140
130
Monthly rate
Monthly figures
1985
1986
1987
1988
1989
1990


Consumer and other credit, change in debt
£ million
900
800
700
600
500
400
300
200
100
0
–100
Total consumer credit
Monthly rate
Agreements with consumers
Monthly figures
Agreements with businesses
1985
1986
1987
1988
1989
1990

7 Gross domestic product and shares of income and expenditure

	Gross domestic product at current factor cost		Total final expenditure (current market prices) (£ mn)	Percentage share of total final expenditure						Percentage share of gross domestic product (income-based)				
						Gross fixed investment					Gross trading profits[1]			
	Expenditure-based (£ mn)	Income-based (£ mn)		Consumers' expenditure	General government consumption	General government	Public corporations	Private sector	Exports	Income from employment	Companies	Other[2]	Income from self-employment[1]	Other income[3]
	DJBA	DJBE	DIAB	FBBD	FBBE	FBBF	FBBG	FBBH	FBBI	FBBJ	FBBK	FBBL	FBBM	FBBN
1985	305 889	305 854	454 499	*47.8*	*16.3*	*1.5*	*1.3*	*10.5*	*22.6*	*63.7*	*16.5*	*2.3*	*9.5*	*8.0*
1986	324 334	325 025	482 570	*49.7*	*16.5*	*1.5*	*1.1*	*10.7*	*20.4*	*64.7*	*14.2*	*2.5*	*10.4*	*8.1*
1987	356 202	354 905	531 356	*49.7*	*16.1*	*1.3*	*0.8*	*11.6*	*20.1*	*64.0*	*15.4*	*1.8*	*10.8*	*8.0*
1988	394 621	397 057	589 754	*50.2*	*15.6*	*1.0*	*0.8*	*13.1*	*18.4*	*63.6*	*16.0*	*1.8*	*10.9*	*7.8*
1989	431 701	434 363	648 525	*50.0*	*15.2*	*1.3*	*0.8*	*13.1*	*18.9*	*64.4*	*15.5*	*1.5*	*10.9*	*7.8*
													FBBO	
1985 Q4	78 078	78 131	114 926	*48.8*	*16.4*	*1.5*	*1.2*	*10.4*	*21.7*	*64.0*	*15.9*	*2.3*	*17.8*	
1986 Q1	79 379	79 580	117 245	*49.3*	*16.8*	*1.5*	*1.2*	*10.4*	*21.0*	*64.3*	*14.9*	*2.5*	*18.3*	
Q2	80 041	80 246	118 936	*50.1*	*16.6*	*1.5*	*1.1*	*10.3*	*20.4*	*65.1*	*13.7*	*2.7*	*18.5*	
Q3	81 544	81 723	121 406	*49.8*	*16.4*	*1.4*	*1.1*	*11.0*	*19.8*	*64.9*	*14.1*	*2.3*	*18.7*	
Q4	83 370	83 476	124 983	*49.4*	*16.2*	*1.4*	*1.1*	*11.1*	*20.4*	*64.6*	*14.3*	*2.3*	*18.8*	
1987 Q1	85 326	84 995	126 696	*50.0*	*16.2*	*1.4*	*1.0*	*11.1*	*20.8*	*64.2*	*15.1*	*1.9*	*18.9*	
Q2	87 616	87 230	130 552	*49.5*	*16.2*	*1.3*	*0.7*	*11.6*	*20.2*	*64.1*	*15.3*	*1.8*	*18.8*	
Q3	90 333	89 980	135 505	*49.4*	*16.0*	*1.2*	*0.9*	*11.6*	*20.3*	*63.8*	*15.6*	*1.9*	*18.7*	
Q4	92 927	92 700	138 603	*50.0*	*15.9*	*1.4*	*0.8*	*12.1*	*19.3*	*63.9*	*15.6*	*1.8*	*18.6*	
1988 Q1	95 013	95 388	140 854	*50.6*	*15.8*	*1.3*	*0.9*	*12.4*	*18.5*	*63.8*	*15.9*	*1.6*	*18.7*	
Q2	96 579	97 140	144 807	*50.2*	*15.6*	*1.2*	*0.9*	*13.1*	*18.9*	*64.0*	*15.3*	*1.8*	*18.9*	
Q3	100 009	100 713	150 165	*50.0*	*15.3*	*0.7*	*0.8*	*13.6*	*18.5*	*63.3*	*16.2*	*1.9*	*18.7*	
Q4	103 020	103 816	153 928	*50.1*	*15.5*	*0.9*	*0.8*	*13.5*	*17.8*	*63.3*	*16.6*	*1.7*	*18.5*	
1989 Q1	105 393	106 041	157 735	*49.9*	*15.1*	*1.1*	*0.8*	*13.2*	*18.5*	*63.6*	*16.1*	*1.8*	*18.5*	
Q2	106 842	107 497	160 710	*50.1*	*15.1*	*1.3*	*0.8*	*13.1*	*18.8*	*64.0*	*15.9*	*1.4*	*18.7*	
Q3	108 363	109 037	163 598	*49.8*	*15.3*	*1.3*	*0.8*	*13.2*	*18.9*	*65.0*	*14.7*	*1.5*	*18.8*	
Q4	111 103	111 788	166 482	*50.3*	*15.3*	*1.6*	*0.8*	*13.0*	*19.6*	*64.9*	*15.1*	*1.5*	*18.6*	

1 After providing for stock appreciation.
2 Gross trading surplus of public corporations and general government enterprises.
3 Rent income, and imputed charge for consumption of non-trading capital.

Source: Central Statistical Office

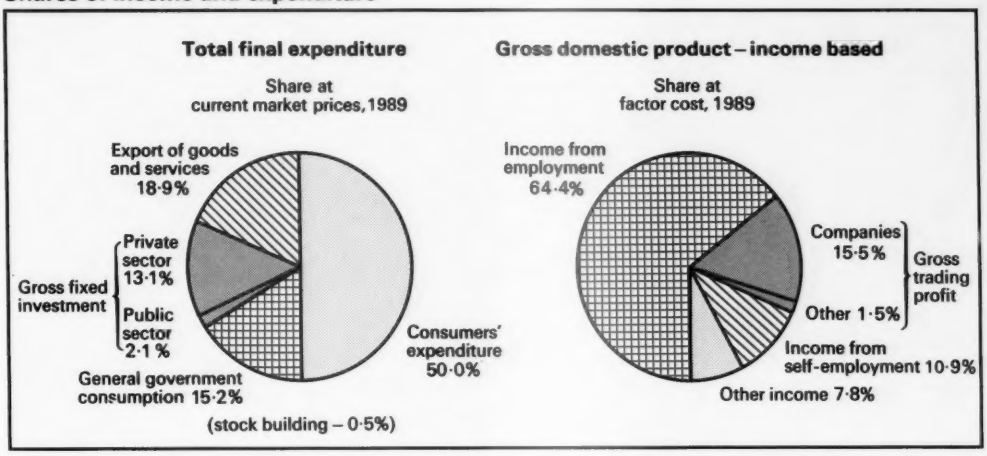
8 Income, product and spending per head

£

	At current prices				At 1985 prices		
	Average estimate						
	Gross national product at factor cost	Gross domestic product at factor cost	Consumers' expenditure	Personal disposable income	Gross domestic product at factor cost (average estimate)	Consumers' expenditure	Personal disposable income
	CAQA	CAQB	FBCC	FBCD	CAQC	FBCF	FBCH
1985	5 451	5 402	3 833	4 236	5 402	3 834	4 235
1986	5 804	5 712	4 220	4 596	5 567	4 042	4 403
1987	6 324	6 249	4 639	4 919	5 796	4 271	4 529
1988	7 036	6 943	5 189	5 410	6 045	4 559	4 753
1989	7 641	7 587	5 669	5 968	6 166	4 718	4 968
							CAIU
1985 Q4	1 383	1 377	989	1 095	1 358	973	1 077
1986 Q1	1 419	1 400	1 020	1 108	1 372	991	1 076
Q2	1 432	1 410	1 049	1 151	1 385	1 012	1 110
Q3	1 461	1 436	1 065	1 161	1 398	1 015	1 108
Q4	1 492	1 466	1 086	1 176	1 412	1 024	1 109
1987 Q1	1 519	1 498	1 113	1 190	1 418	1 037	1 108
Q2	1 556	1 537	1 135	1 213	1 438	1 053	1 126
Q3	1 603	1 584	1 175	1 240	1 462	1 078	1 137
Q4	1 646	1 630	1 216	1 276	1 478	1 103	1 157
1988 Q1	1 688	1 671	1 249	1 306	1 495	1 123	1 174
Q2	1 725	1 699	1 275	1 327	1 503	1 126	1 171
Q3	1 785	1 760	1 316	1 368	1 521	1 146	1 192
Q4	1 838	1 813	1 349	1 409	1 526	1 164	1 216
1989 Q1	1 877	1 854	1 376	1 439	1 537	1 173	1 227
Q2	1 896	1 878	1 407	1 469	1 533	1 181	1 233
Q3	1 913	1 904	1 423	1 512	1 543	1 175	1 249
Q4	1 955	1 951	1 463	1 548	1 553	1 189	1 259

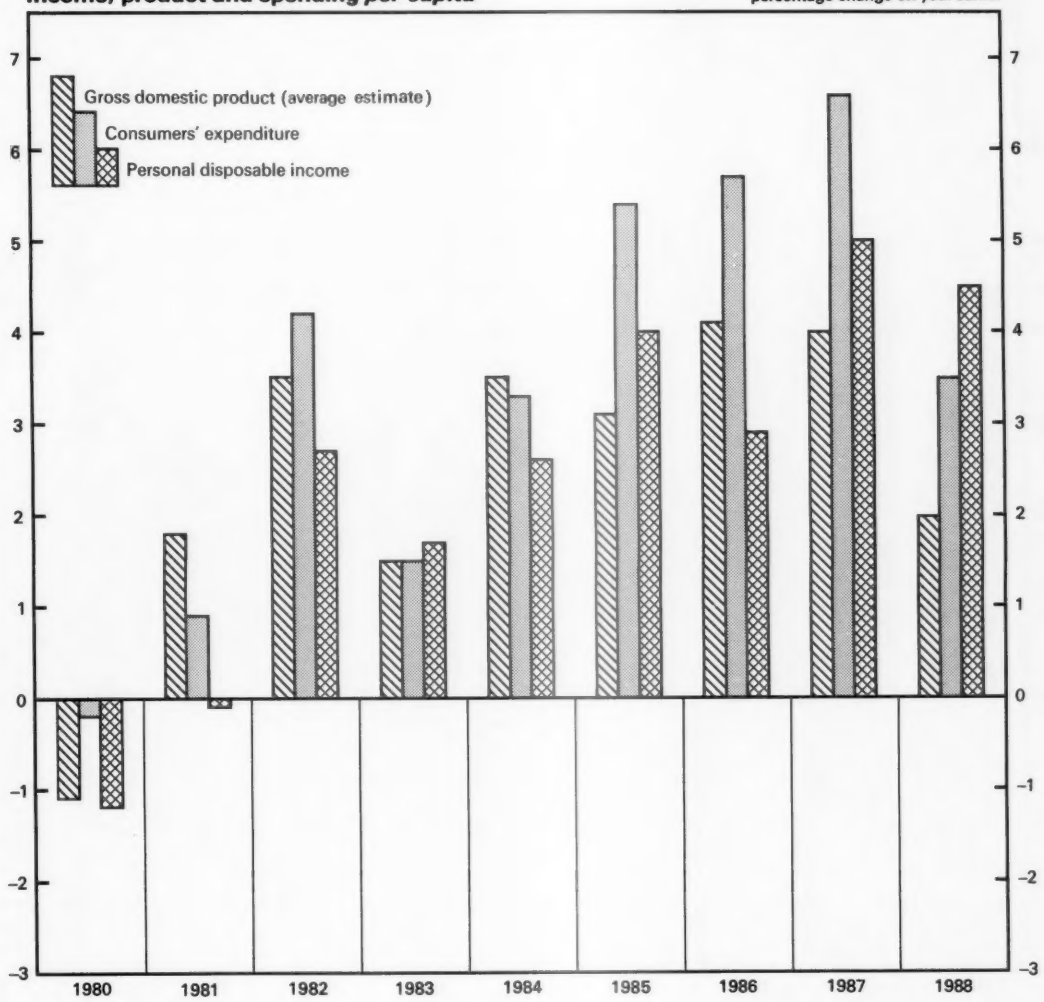
Source: Central Statistical Office

Shares of income and expenditure



Income, product and spending *per capita*

1985 prices
percentage change on year earlier



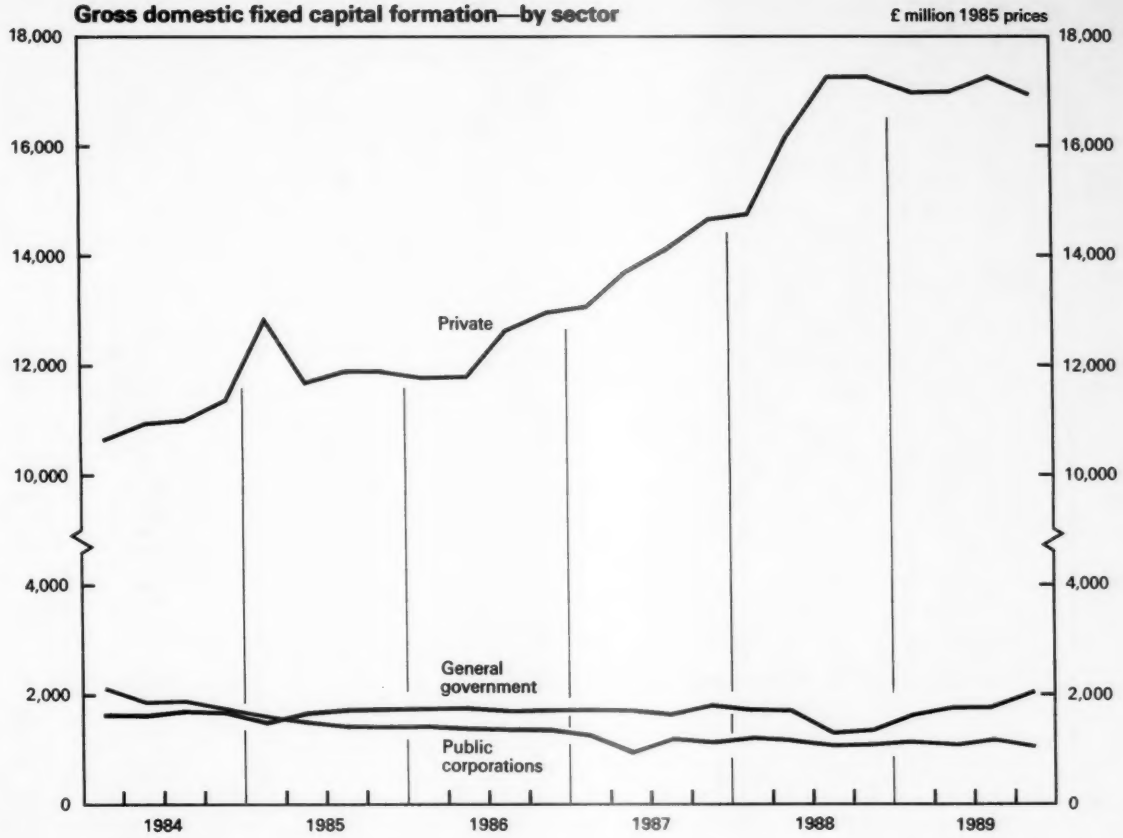
9 Gross domestic fixed capital formation

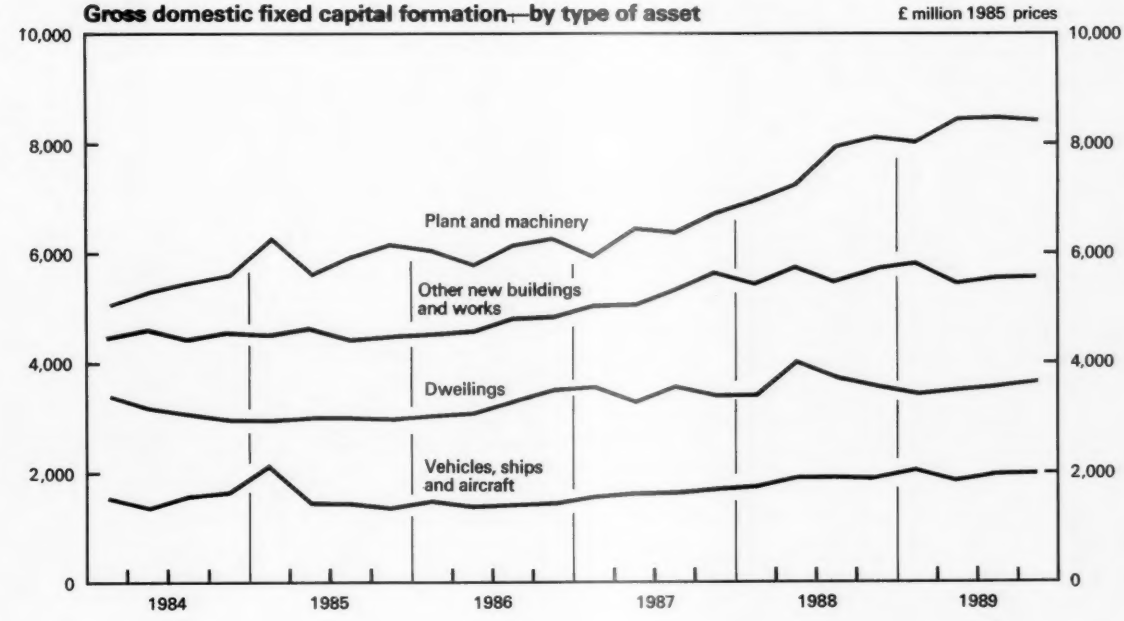
£ million, 1985 prices

	Analysed by sector[1]			Analysed by type of asset							Total gross domestic fixed capital formation+
				Dwellings							
	Private sector	General government	Public corporations	Private	Public	Total	Other new building and works[2]	Vehicles, ships and aircraft	Plant and machinery	National accounts statistical adjustment[3]	
	DFEB	DFED	DFDA	DFEA	DFEC	DFEG	DFCV	DEBP	DEBO	DEGT	DECU
1983	39 085	5 901	8 490	9 323	2 924	12 247	16 651	5 177	19 401	-	53 476
1984	43 872	6 613	7 573	9 737	2 825	12 562	18 144	6 132	21 220	-	58 058
1985	47 987	6 584	5 772	9 323	2 536	11 859	18 183	6 436	23 865	-	60 343
1986	49 211	7 049	5 321	10 270	2 536	12 806	18 879	5 750	24 146	-	61 581
1987	55 536	6 978	4 376	10 991	2 741	13 732	21 164	6 518	25 476	-	66 890
1988	65 411	6 116	4 515	12 102	2 666	14 768	22 493	7 580	30 351	850	76 042
1989	68 063	7 289	4 350	11 353	2 803	14 156	22 368	7 815	33 363	2 000	79 702
1984 Q1	10 664	1 637	2 086	2 661	725	3 386	4 475	1 533	4 993	-	14 387
Q2	10 913	1 605	1 872	2 452	700	3 152	4 605	1 362	5 271	-	14 390
Q3	10 990	1 707	1 875	2 362	722	3 084	4 482	1 560	5 446	-	14 572
Q4	11 305	1 664	1 740	2 262	678	2 940	4 582	1 677	5 510	-	14 709
1985 Q1	12 766	1 482	1 568	2 309	647	2 956	4 508	2 119	6 233	-	15 816
Q2	11 561	1 659	1 452	2 328	622	2 950	4 665	1 462	5 595	-	14 672
Q3	11 806	1 710	1 362	2 333	652	2 985	4 499	1 476	5 918	-	14 878
Q4	11 854	1 733	1 390	2 353	615	2 968	4 511	1 379	6 119	-	14 977
1986 Q1	11 787	1 790	1 389	2 296	709	3 005	4 540	1 411	6 010	-	14 966
Q2	11 795	1 793	1 322	2 460	594	3 054	4 610	1 461	5 785	-	14 910
Q3	12 633	1 727	1 308	2 671	588	3 259	4 831	1 461	6 117	-	15 668
Q4	12 996	1 739	1 302	2 843	645	3 488	4 898	1 417	6 234	-	16 037
1987 Q1	13 061	1 736	1 227	2 869	636	3 505	5 065	1 464	5 990	-	16 024
Q2	13 707	1 736	914	2 564	700	3 264	5 079	1 623	6 391	-	16 357
Q3	14 079	1 677	1 129	2 888	675	3 563	5 322	1 684	6 316	-	16 885
Q4	14 689	1 829	1 106	2 670	730	3 400	5 698	1 747	6 779	-	17 624
1988 Q1	14 783	1 737	1 203	2 747	686	3 433	5 467	1 788	6 955	80	17 723
Q2	16 172	1 728	1 148	3 304	703	4 007	5 792	1 875	7 294	80	19 048
Q3	17 227	1 270	1 079	3 113	645	3 758	5 482	1 976	7 970	390	19 576
Q4	17 229	1 381	1 085	2 938	632	3 570	5 752	1 941	8 132	300	19 695
1989 Q1	16 989	1 637	1 107	2 713	677	3 390	5 845	2 046	8 002	450	19 733
Q2	16 960	1 775	1 069	2 813	690	3 503	5 427	1 888	8 496	490	19 804
Q3	17 199	1 800	1 131	2 934	647	3 581	5 547	1 981	8 461	560	20 130
Q4	16 915	2 077	1 043	2 893	789	3 682	5 549	1 900	8 404	500	20 035
Percentage change, quarter on corresponding quarter of previous year											
1984 Q1	*10.7*	*5.7*	*-1.2*	*15.0*	*-8.3*	*9.1*	*7.3*	*22.9*	*4.5*	..	*8.2*
Q2	*12.7*	*23.9*	*-10.5*	*7.6*	*5.7*	*7.2*	*13.9*	*6.0*	*9.7*	..	*10.1*
Q3	*14.9*	*15.3*	*-12.3*	*2.6*	*-0.1*	*2.0*	*9.6*	*25.8*	*12.9*	..	*10.6*
Q4	*10.8*	*5.4*	*-19.1*	*-6.9*	*-9.4*	*-7.5*	*5.4*	*19.4*	*10.2*	..	*5.6*
1985 Q1	*19.7*	*-9.5*	*-24.8*	*-13.2*	*-10.8*	*-12.7*	*0.7*	*38.2*	*24.8*	..	*9.9*
Q2	*5.9*	*3.4*	*-22.4*	*-5.1*	*-11.1*	*-6.4*	*1.3*	*7.3*	*6.1*	..	*2.0*
Q3	*7.4*	*0.2*	*-27.4*	*-1.2*	*-9.7*	*-3.2*	*0.4*	*-5.4*	*8.7*	..	*2.1*
Q4	*4.9*	*4.1*	*-20.1*	*4.0*	*-9.3*	*1.0*	*-1.5*	*-17.8*	*11.1*	..	*1.8*
1986 Q1	*-7.7*	*20.8*	*-11.4*	*-0.6*	*9.6*	*1.7*	*0.7*	*-33.4*	*-3.6*	..	*-5.4*
Q2	*2.0*	*8.1*	*-9.0*	*5.7*	*-4.5*	*3.5*	*-1.2*	*-0.1*	*3.4*	..	*1.6*
Q3	*7.0*	*1.0*	*-4.0*	*14.5*	*-9.8*	*9.2*	*7.4*	*-1.0*	*3.4*	..	*5.3*
Q4	*9.6*	*0.3*	*-6.3*	*20.8*	*4.9*	*17.5*	*8.6*	*2.8*	*1.9*	..	*7.1*
1987 Q1	*10.8*	*-3.0*	*-11.7*	*25.0*	*-10.3*	*16.6*	*11.6*	*3.8*	*-0.3*	..	*7.1*
Q2	*16.2*	*-3.2*	*-30.9*	*4.2*	*17.8*	*6.9*	*10.2*	*11.1*	*10.5*	..	*9.7*
Q3	*11.4*	*-2.9*	*-13.7*	*8.1*	*14.8*	*9.3*	*10.2*	*15.3*	*3.3*	..	*7.8*
Q4	*13.0*	*5.2*	*-15.1*	*-6.1*	*13.2*	*-2.5*	*16.3*	*23.3*	*8.7*	..	*9.9*
1988 Q1	*13.2*	*0.1*	*-2.0*	*-4.3*	*7.9*	*-2.1*	*7.9*	*22.1*	*16.1*	..	*10.6*
Q2	*18.0*	*-0.5*	*25.6*	*28.9*	*0.4*	*22.8*	*14.0*	*15.5*	*14.1*	..	*16.5*
Q3	*22.4*	*-24.3*	*-4.4*	*7.8*	*-4.4*	*5.5*	*3.0*	*17.3*	*26.2*	..	*15.9*
Q4	*17.3*	*-24.5*	*-1.9*	*10.0*	*-13.4*	*5.0*	*0.9*	*11.1*	*20.0*	..	*11.8*
1989 Q1	*14.9*	*-5.8*	*-8.0*	*-1.2*	*-1.3*	*-1.3*	*6.9*	*14.4*	*15.1*	+	*11.3*
Q2	*4.9*	*2.7*	*-6.9*	*-14.9*	*-1.8*	*-12.6*	*-6.3*	*0.7*	*16.5*	+	*4.0*
Q3	*-0.2*	*41.7*	*4.8*	*-5.8*	*0.3*	*-4.7*	*1.2*	*0.3*	*6.2*	*43.6*	*2.8*
Q4	*-1.8*	*50.4*	*-3.9*	*-1.5*	*24.8*	*3.1*	*-3.5*	*-2.1*	*3.3*	*66.7*	*1.7*

1 Including purchases *less* sales of land and existing buildings.
2 Including transfer costs of land and buildings.
3 For explanation of adjustment see Economic Trends, April 1990, issue No. 438, pages 81-82.

Source: Central Statistical Office


Gross domestic fixed capital formation—by sector
£ million 1985 prices
18,000
16,000
14,000
12,000
10,000
4,000
2,000
0
Private
General government
Public corporations
1984
1985
1986
1987
1988
1989


Gross domestic fixed capital formation—by type of asset
£ million 1985 prices
10,000
8,000
6,000
4,000
2,000
0
Plant and machinery
Other new buildings and works
Dwellings
Vehicles, ships and aircraft
1984
1985
1986
1987
1988
1989

10 Indicators of fixed investment by manufacturing industry

	Gross fixed investment by manufacturing industry (excluding leased assets)							New orders received by contractors for private industrial work(GB) (£ million, 1985 prices)
	Plant and machinery			New building and works				
	Gross fixed investment		CBI Intentions Inquiry: balance[1] (NSA)	Gross fixed investment		CBI Intentions Inquiry: balance[1] (NSA)	Total+ (£ million, 1985 prices)	
	Total (£ million, 1985 prices)	Change on year earlier (percentage)		Total (£ million, 1985 prices)	Change on year earlier (percentage)			
	DFQP		FBAD	DFQQ		FBAG	DECV	DPBT
1981	5 165	*-25.0*	..	834	*-27.0*	..	6 579	1 718
1982	5 062	*-2.0*	..	714	*-14.4*	..	6 360	1 455
1983	5 196	*2.6*	..	634	*-11.2*	..	6 422	1 723
1984	6 241	*20.1*	..	929	*46.5*	..	7 818	2 426
1985	7 029	*12.6*	..	1 110	*19.5*	..	8 735	2 149
1986	6 983	*-0.7*	..	1 004	*-9.5*	..	8 548	2 088
1987	7 477	*7.1*	..	1 143	*13.8*	..	9 178	3 463[2]
1988	8 252	*10.4*	..	1 120	*-2.0*	..	10 279	2 654
1989	8 522	*3.3*	..	1 077	*-3.8*	..	10 480	2 630
1986 Q2	1 647	*-4.7*	*10*	195	*-34.1*	*-15*	1 985	506
Q3	1 761	*2.0*	*5*	264	*3.9*	*-15*	2 174	593
Q4	1 716	*-6.8*	*8*	318	*23.3*	*-13*	2 158	497
1987 Q1	1 722	*-7.4*	*10*	260	*14.5*	*-10*	2 120	637
Q2	1 817	*10.3*	*13*	308	*57.9*	*-3*	2 263	578
Q3	1 906	*8.2*	*20*	292	*10.6*	*1*	2 337	1 722[2]
Q4	2 032	*18.4*	*17*	283	*-11.0*	*-3*	2 458	526
1988 Q1	2 008	*16.6*	*20*	269	*3.5*	*1*	2 506	664
Q2	2 098	*15.5*	*32*	292	*-5.2*	*6*	2 615	626
Q3	2 124	*11.4*	*19*	284	*-2.7*	*-6*	2 636	631
Q4	2 022	*-0.5*	*21*	275	*-2.8*	*-4*	2 522	733
1989 Q1	2 030	*1.1*	*21*	258	*-4.1*	*-9*	2 512	608
Q2	2 247	*7.1*	*18*	275	*-5.8*	*-1*	2 740	660
Q3	2 111	*-0.6*	*3*	278	*-2.1*	*-7*	2 609	715
Q4	2 134	*5.5*	*-3*	266	*-3.3*	*-10*	2 619	647
1990 Q1	..	..	*-8*	..	..	*-23*	..	646
Q2	..	..	*-8*	..	..	*-23*	..	..

1 Percentage of firms expecting to authorise more in next 12 months *less* percentage expecting to authorise less.
2 Includes the Channel Tunnel project.

Sources: Central Statistical Office; Confederation of British Industry; Department of the Environment

11 Central Statistical Office Inquiry into investment intentions: manufacturing industry[1]

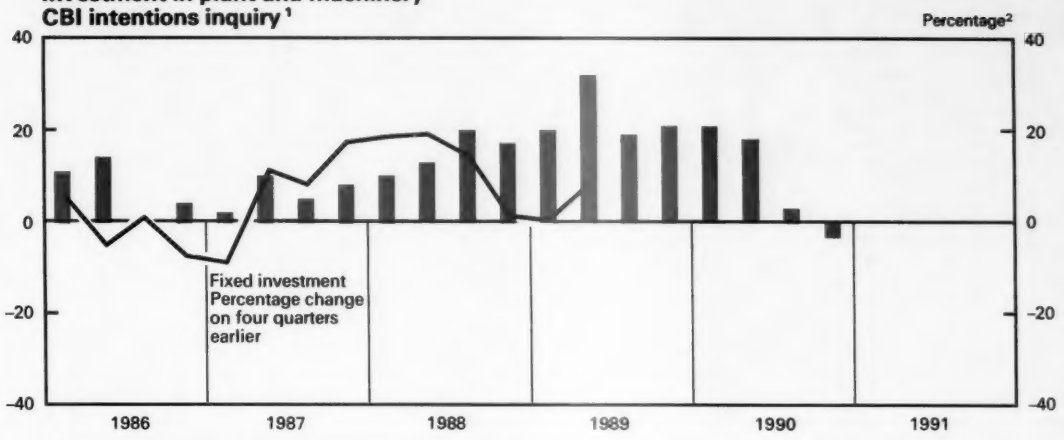
Percentage change over previous year, in volume terms

	Gross fixed investment (excluding leased assets)				
	First December forecast	First June forecast	Second December forecast	Second June forecast	Actual
1976	Further reduction	Little change		About -6	-5
1977	Large increase	Of order of +15	+10 to +15	+6 to + 10	+5
1978	Strong increase	+20 or more	+10 to +13	+10 to +13	+7
1979	Rise, less than +8	Rise, less than +8	+4 to +8	+2 to +5	+4
1980	Slight fall	Slight fall	-6 to -10	-8 to -12	-14
1981	Further fall	Fall of up to 8 to 12	-15 to -20	-15 to -18	-25
1982	Some recovery	Some recovery	-1 to -3	-3 to -5	-3
1983	Appreciable increase	Rise, around 5	Fall, up to 5	Fall, around 4	+1
1984	No recovery	Slow growth	Rise, around 10	About +12	+22
1985	Little change	Rise, around 6	About +7	Around +9	+12
1986	Slight fall	Slight fall	Rise, around 4	About +6	-2
1987	Little change	Small increase	Rise, around 3	About +6	+7
1988	Further rise	Further increase	Rise, around 12	Rise, around 15	+12
1989	Smaller increase	Smaller increase	Rise, around 11	Rise, around 14	+2
1990	Smaller increase	Smaller increase	Rise, around 1		
1991	Larger increase				

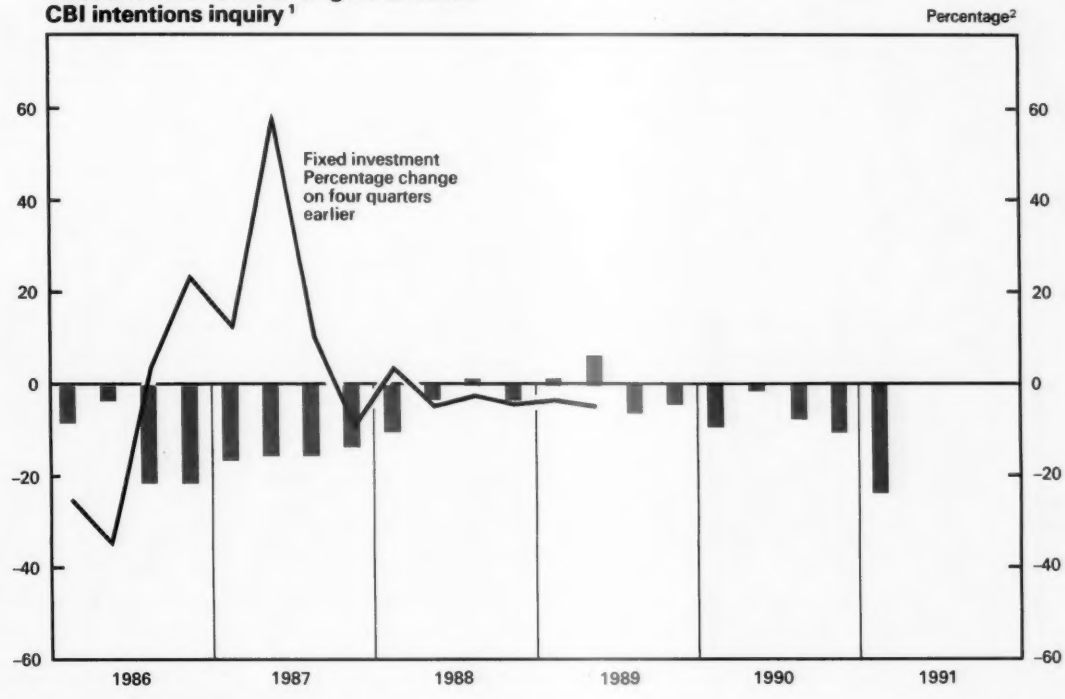
1 The figures in this table relate to manufacturing industry defined as Orders III to XIX, Standard Industrial Classification (1968) for 1983 and earlier years, and as Divisions 2 to 4, Standard Industrial Classification (1980) for 1984 onwards.

Source: Central Statistical Office

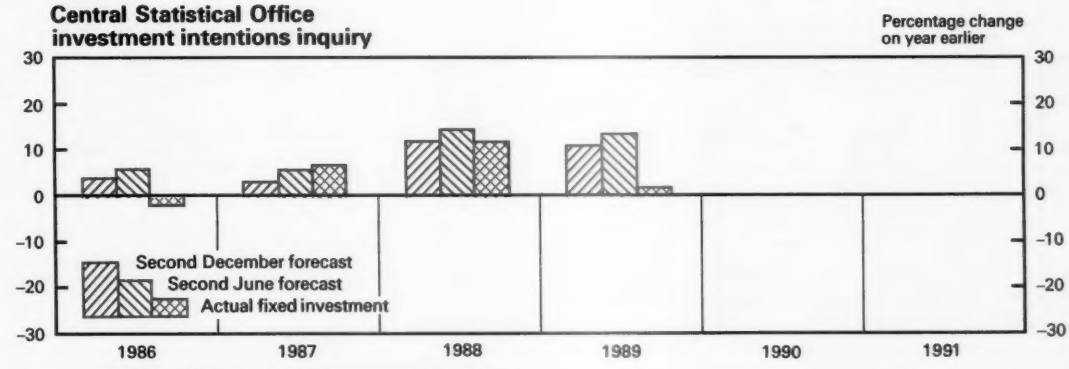
Investment in plant and machinery
CBI intentions inquiry [1]



Investment in new buildings and works
CBI intentions inquiry [1]



Central Statistical Office
investment intentions inquiry



[1]The results of the CBI intentions inquiry have been moved forward one year for direct comparison with the percentage change in fixed investment

[2]Percentage of firms expecting to authorise more in next 12 months *less* percentage expecting to authorise less

12 Indicators of fixed investment in dwellings

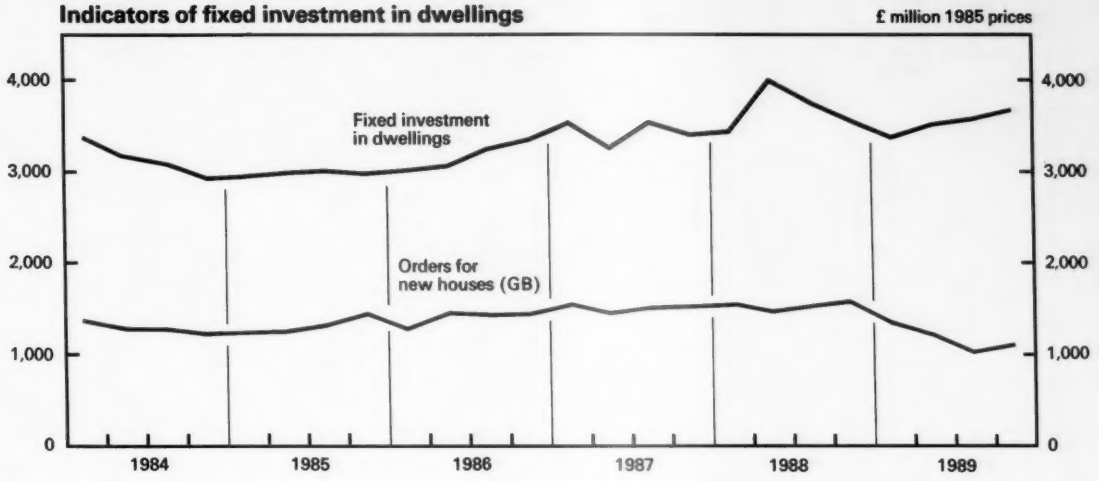
	Fixed investment in dwellings (£ million, 1985 prices)	Orders received by contractors for new houses (GB) (£ million, 1985 prices)	Housing starts (GB)+			Housing completions (GB)+			Building societies		
			Private enterprise (thousands)	Housing associations (thousands)	Local authorities new towns and government departments (thousands)	Private enterprise (thousands)	Housing associations (thousands)	Local authorities new towns and government departments (thousands)	Commitments on new dwellings (£ million, current prices)	Advances on new dwellings (£ million, current prices)	Average price of new dwellings: mortgages approved[1,2] (NSA)
	DFEG	FCAS	FCAT	CTOQ	CTOU	FCAV	CTOS	CTOW	AHLO	AHLS	FCAY
1983	12 247	4 686	172.2†	14.2†	34.7†	147.2†	16.1†	35.1	2 419	2 330	31 678
1984	12 562	4 293	158.1	12.6	27.3	158.7	16.6	33.9†	2 980	2 900	34 160
1985	11 859	5 290	165.5	12.4	21.9	155.0	13.1	27.2	2 963	2 900	37 304
1986	12 806	5 642	180.0	12.9	20.2	166.9	12.3	22.6	3 626	3 517	43 647
1987	13 732	6 010	192.7	12.2	19.9	174.2	11.6	20.0	3 702	3 488	51 290
1988	14 768	6 143	216.2	13.0	16.5	184.8	11.2	19.6	4 831	4 696	64 615
1989	14 156	4 689	167.8	13.7	13.7	169.2	11.3	16.0	..	..	74 967
1984 Q4	2 940	1 219	38.2	2.4	5.6	39.3	3.8	8.3	728	723	34 338
1985 Q1	2 956	1 233	37.9	3.4	4.9	38.5	3.7	7.7	715	708	35 658
Q2	2 950	1 270	41.2	3.1	5.7	39.6	3.3	7.3	662	728	36 556
Q3	2 985	1 347	42.4	2.7	5.9	38.1†	3.1	6.4	739	690	37 625
Q4	2 968	1 439	44.0	3.2	5.4	38.8	3.0†	5.8	847	774	39 458
1986 Q1	3 005	1 290	41.5	3.3	4.7	39.1	3.2	5.8†	803	782	40 470
Q2	3 054	1 460	44.6	3.3	4.7†	40.4	3.2	6.0	1 008	885	43 443
Q3	3 259	1 441	47.3	3.2†	5.6	42.2	2.8	5.2	968	933	45 065
Q4	3 488	1 450	46.6	3.1	5.2	45.2	3.1	5.6	847	917	45 749
1987 Q1	3 505	1 537	46.6	2.5	5.2	42.5	2.4	4.9	820	825	47 460
Q2	3 264	1 448	46.1†	3.3	5.5	43.9	3.3	5.0	871	855	49 604
Q3	3 563	1 501	49.4	3.3	4.6	44.1	3.2	5.0	961	884	52 428
Q4	3 400	1 525	50.6	3.1	4.6	43.7	2.7	5.1	1 050	924	55 474
1988 Q1	3 433	1 557	53.8	3.2	4.4	47.5	3.0	4.8	1 286	1 090	60 395
Q2	4 007	1 472	54.8	2.8	4.4	45.4	2.6	5.6	1 371	1 224	63 342
Q3	3 758	1 523	51.3	3.4	3.7	48.1	2.7	4.9	1 198	1 283	67 425
Q4	3 570	1 592	56.3	3.6	4.0	43.8	2.9	4.3	976	1 099	69 342
1989 Q1	3 390	1 370	50.2	4.1	3.4	44.7	3.2	4.2	982	999	71 828
Q2	3 503	1 202	43.9	3.6	3.4	41.1	2.3	3.4	1 200	1 106	75 213
Q3	3 581	1 024	38.3	2.7	3.9	41.1	3.2	4.1	1 147	996	75 993
Q4	3 682	1 093	35.4	3.3	3.0	42.3	2.6	4.3	1 120	1 166	76 308
1990 Q1	..	968†	34.7	3.7	2.4	36.0	3.0	4.3	1 033†	988†	..
1988 Jun	..	487	17.70	0.9	1.5	14.8	0.7†	1.8†	476	444	64 578
Jul	..	473	17.20†	1.2	1.1	17.9	1.0	1.6	481	423	66 577
Aug	..	553	17.30	1.2	1.6	15.6	0.9	1.7	381	457	66 326
Sep	..	497	16.80	1.0	1.0	14.6	0.8	1.6	336	403	69 915
Oct	..	500	18.10	1.3	1.2	15.1†	0.9	1.5	346	360	67 488
Nov	..	550	19.10	1.2†	1.3†	14.2	0.9	1.4	357	377	69 956
Dec	..	541	19.10	1.1	1.5	14.5	1.1	1.4	273	362	71 153
1989 Jan	..	547	18.30	1.5	1.2	16.3	1.1	1.4	287	337	68 808
Feb	..	424	18.40	1.4	1.0	14.6	1.2	1.5	333	319	71 096
Mar	..	399	13.50	1.2	1.2	13.8	0.9	1.3	362	343	74 314
Apr	..	444	16.10	1.1	1.0	14.0	0.7	1.2	388	337	74 761
May	..	381	14.30	1.5	1.2	13.9	0.7	1.2	396	392	74 671
Jun	..	377	13.50	1.0	1.2	13.2	0.9	1.0	416	377	76 201
Jul	..	335	12.80	0.9	1.8	14.4	1.0	1.3	332	277	76 729
Aug	..	341	13.00	0.8	1.1	12.4	1.1	1.2	409	359	75 714
Sep	..	348	12.50	1.0	1.0	14.3	1.1	1.6	406	360	75 639
Oct	..	364	13.60	1.3	1.0	14.3	0.7	1.2	394	353	75 023
Nov	..	367	11.40	1.1	0.9	14.7	1.0	1.3	404	391	75 785
Dec	..	362	10.40	0.9	1.1	13.3	0.9	1.8	322	422	78 844
1990 Jan	..	365†	11.20	1.5	0.9	12.9	1.3	1.3	295	305	78 632†
Feb	..	296	11.00	1.0	0.7	11.1	0.9	1.3	371	316	78 805
Mar	..	306	12.50	1.2	0.8	12.0	0.8	1.7	367†	367†	78 225
Apr	..	..	..	..	..	..	..	..	..	..	79 764

1 Mortgages with building societies by private owners. The series covers only dwellings on which building societies have approved mortgages during the period. The cost of land is included.

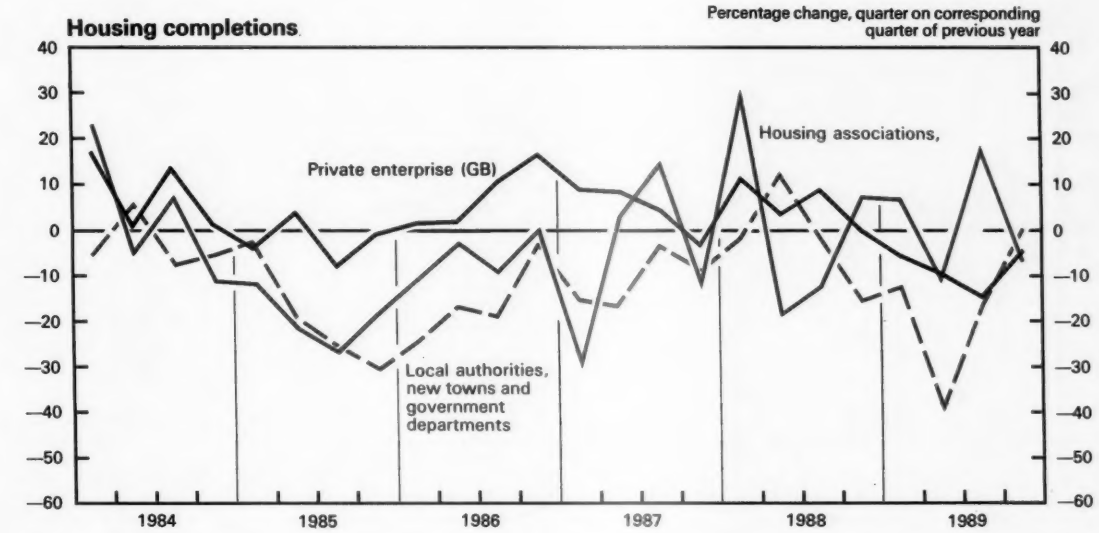
2 The Abbey National ceased to operate as a building society in July 1989, but to ensure continuity in the data its results are included in the building society sector whenever possible.

Sources: Central Statistical Office; Department of the Environment; Scottish Development Department; Building Societies Association

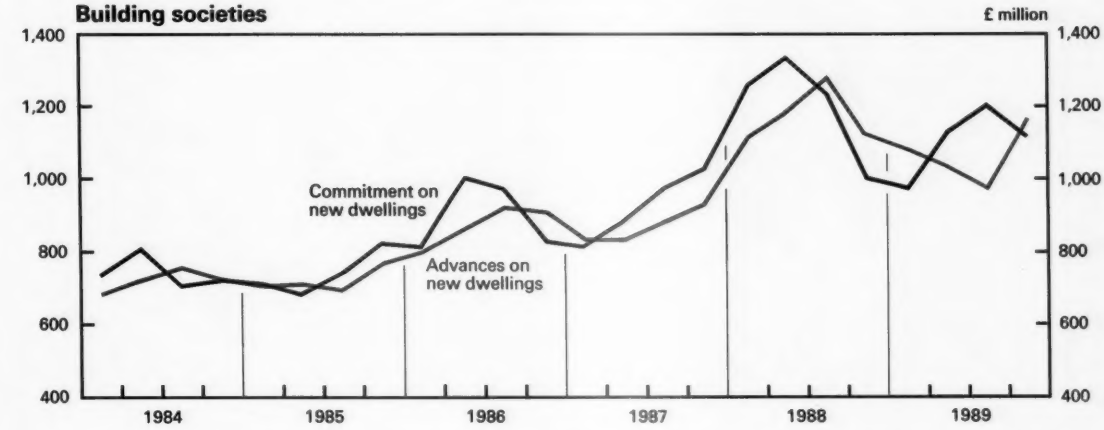
Indicators of fixed investment in dwellings



Housing completions



Building societies



13 Stock changes

£ million, 1985 prices

	Energy and water supply	Manufacturing+ Materials and fuels	Work in progress	Finished goods	Total	Distribution Wholesale[1]	Retail[2]	Other industries[3]	National accounts statistical adjustments[4]	All industries+
Value of stocks and work in progress end-December 1988[4]	5 824	12 951	16 191	13 109	42 251	14 616	11 981	20 584	1240	96 496
	DHBQ	DGAX	DGAY	DGAW	DHBM	DHBO	DHBN	DHBR	DHNJ	DGBA
1984 Q4	-180	96	21	221	334	-31	394	219	-	736
1985 Q1	-71	44	-288	87	-157	-1	-23	166	-70	-156
Q2	-92	18	13	206	237	144	129	211	150	779
Q3	-30	194	13	-48	159	-108	133	264	-530	-112
Q4	202	-117	-405	-159	-682	-120	28	226	450	104
1986 Q1	-16	-21	-128	-55	-204	420	184	187	-750	-179
Q2	-203	106	54	37	197	-116	183	38	-270	-171
Q3	-96	-59	-28	-31	-118	-256	135	139	760	564
Q4	99	-132	-21	-125	-278	217	207	33	260	538
1987 Q1	-135	-27	-77	-41	-145	232	117	11	-580	-500
Q2	-35	-20	-60	-110	-190	80	221	316	20	412
Q3	-1	91	317	18	426	257	380	230	-570	722
Q4	-34	59	-400	25	-314	-34	4	-208	1 130	544
1988 Q1	-49	12	72	50	133	-16	225	218	230	741
Q2	-72	67	102	174	343	159	98	161	-650	39
Q3	-58	-111	-6	-29	-146	295	58	-107	1 240	1 282
Q4	77	52	137	224	414	-32	346	629	420	1 854
1989 Q1	315	102	119	114	335	-175	-180	784	750	1 829
Q2	-141	16	21	70	108	40	230	-15	720	942
Q3	105	104	150	46	299	63	-13	-408	1 040	1 086
Q4	72	-136	-63	-58	-258	-34	-20	868	-1 270	-642

1 Classes 61-63 excluding activity heading 6148; wholesale distribution of motor vehicles and parts.
2 Classes 64-65 excluding activity headings 6510 and 6520; retail distribution of motor vehicles and parts, and filling stations.
3 First and second quarter 1989 estimates include adjustments (+ £300m and - £300m respectively) to offset distortion to total stocks estimates otherwise caused by Easter falling in March that year.
4 For explanation of adjustments see Economic Trends, April 1990, issue No. 438, pages 81-82.
5 Stock levels at 1985 prices, not seasonally adjusted.

Source: Central Statistical Office

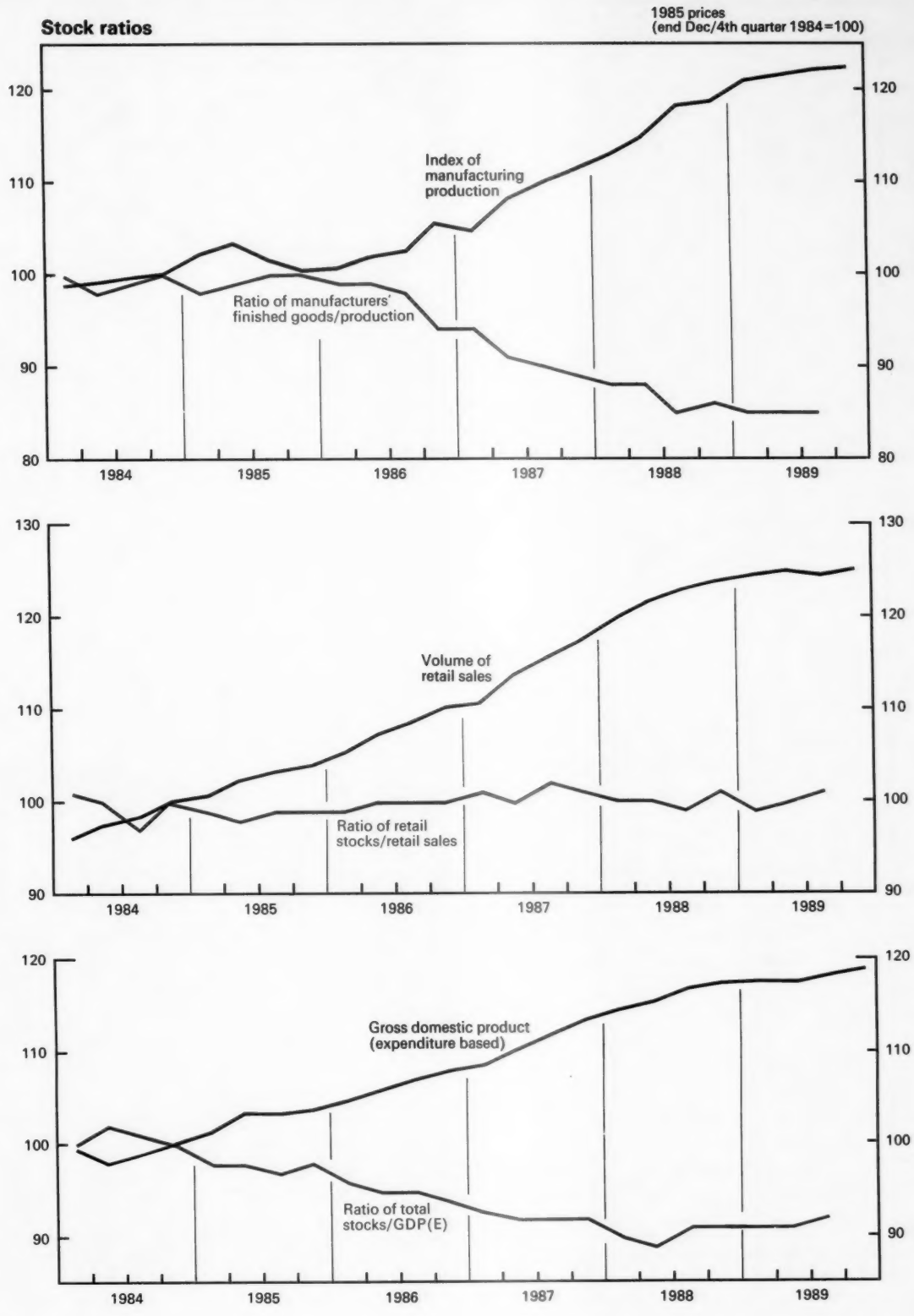
14 Stock ratios

	Manufacturers' stocks[1] to manufacturing production: Materials and fuel	Work in progress	Finished goods	Total stocks	Retail stocks[1] to retail sales[2,3]	Total stocks[1,4] to gross domestic product (expenditure-based)[2]
	FDCC	FDCD	FDCE	FDCB	FDCF	FDCA
1984 Q4	100	100	100	100	100	100
1985 Q1	98	96	98	97	99	98
Q2	98	96	99	97	98	98
Q3	100	97	100	99	99	97
Q4	101	96	100	99	99	98
1986 Q1	100	95	100	98	99	97
Q2	100	94	99	97	100	96
Q3	99	93	98	96	100	95
Q4	95	90	94	93	100	94
1987 Q1	96	91	95	93	101	94
Q2	92	87	91	90	100	93
Q3	92	88	89	89	102	93
Q4	91	85	89	88	101	91
1988 Q1	90	84	88	87	100	89
Q2	89	83	87	86	100	89
Q3	85	80	85	83	99	90
Q4	85	81	86	84	101	91
1989 Q1	84	80	85	83	99	91
Q2	84	80	85	82	101	92
Q3	84	80	85	83	101	91
Q4	83	79	84	82	100	91

1 Measured at 1985 prices; end-December 1984=100.
2 Measured at 1985 prices; 4th quarter 1984=100.
3 Classes 64-65 excluding activity headings 6510 and 6520, retail distribution of motor vehicles and parts, and filling stations.
4 Including national accounts statistical adjustments. For details of adjustments see Economic Trends, April 1990, issue No. 438, pages 81-82.

Source: Central Statistical Office

Stock ratios



15 Inland energy consumption

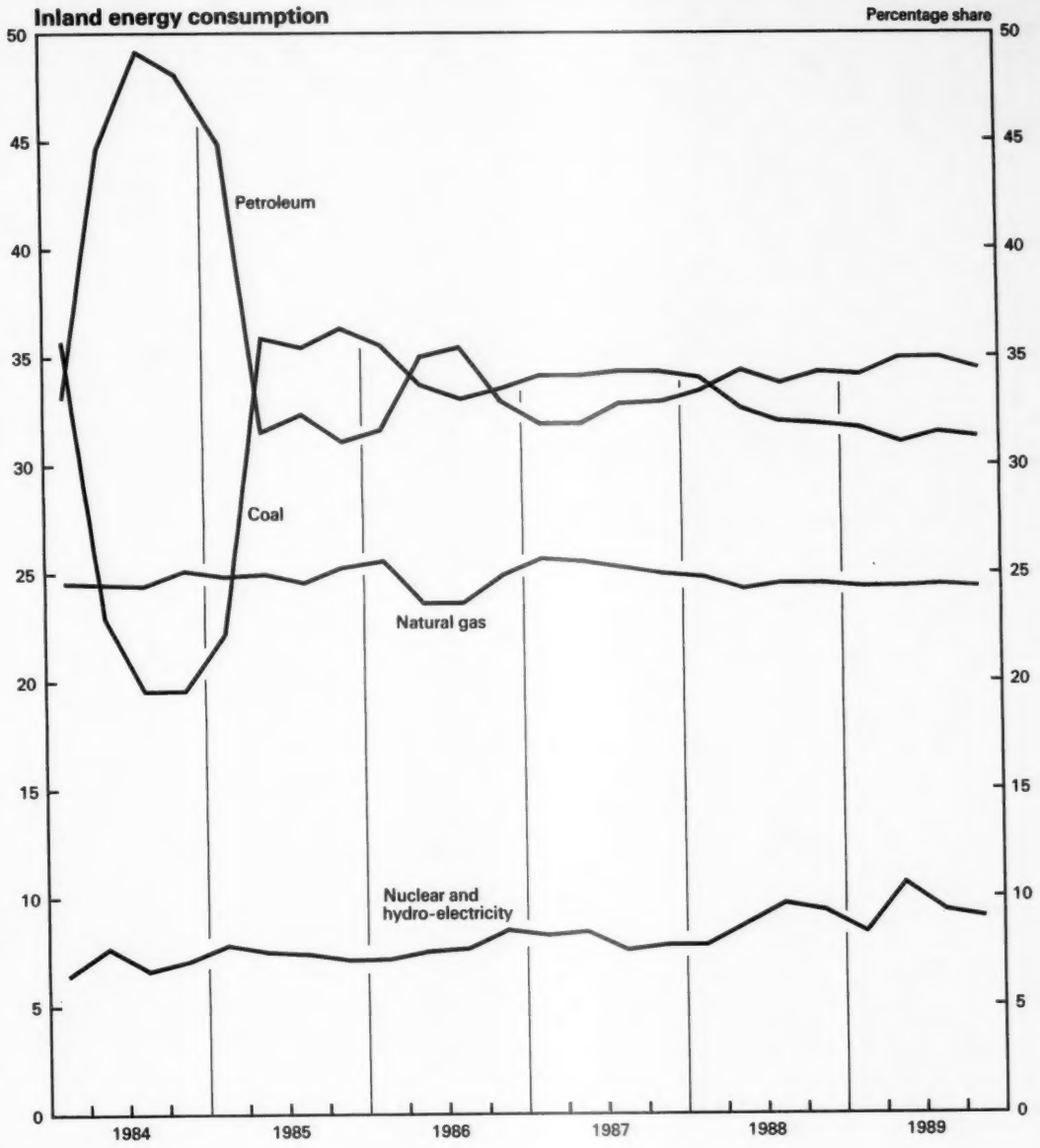
Annual rates, temperature corrected

	Primary fuel input (million tonnes of coal or coal equivalent)							Public supply: electricity available (terrawatt hours)
				Primary electricity (not temperature corrected)				
	Coal[1]	Petroleum	Natural gas (excl. flared or re-injected)	Nuclear	Hydro[2] (NSA)	Net imports (NSA)	Total	
	FDAI	FDAJ	FDAK	FDAL	FDAM	FDAW	FDAH	FDAN
1980	120.1	121.2	70.5	13.4	2.0	-	327.2	245.9
1981	117.5	110.2	71.6	13.7	2.3	-	315.3	239.2
1982	109.6	110.8	72.9	16.0	2.4	-	311.7	236.2
1983	111.6	105.9	75.6	18.1	2.4	-	313.6	242.3
1984	78.5	134.7	77.3	19.5	2.1	-	312.1	246.0
1985	103.6	113.2	81.2	22.1	2.1	-	322.3	255.8
1986	110.6	110.6	81.6	21.3	2.4	1.7	328.3	261.3
1987	114.3	108.0	84.4	19.8	2.1	4.8	333.3	269.9
1988	112.0	116.2	84.5	22.9	2.4	5.2	343.3	..
1989	109.1	119.5	85.6	26.1	2.3	5.2	347.7	..
1984 Q4	61.1	149.8	78.6	20.1	2.0	-	311.5	247.2
1985 Q1	70.8	143.0	79.4	23.3	2.1	-	318.5	249.8
Q2	116.8	103.1	81.5	22.3	2.0	-	325.7	258.4
Q3	116.1	106.6	80.9	22.3	2.1	-	329.0	260.2
Q4	116.3	100.0	80.9	21.0	2.2	-	320.3	254.9
1986 Q1	115.4	103.0	83.3	21.0	2.2	0.2	324.9	258.3
Q2	112.3	116.9	79.0	21.2	2.2	1.6	333.3	265.3
Q3	108.7	116.6	78.0	21.8	2.4	1.3	328.1	260.4
Q4	109.3	107.8	81.7	21.6	2.3	3.9	326.6	261.0
1987 Q1	110.8	103.6	83.3	21.1	2.3	3.7	324.7	263.9
Q2	114.5	107.2	86.0	20.6	2.2	5.4	336.0	269.4
Q3	115.8	111.0	85.4	18.7	2.2	4.7	337.8	272.7
Q4	115.4	110.7	84.3	18.8	2.2	5.2	336.5	273.7
1988 Q1	115.2	113.4	84.2	19.2	2.3	5.1	339.4	266.8
Q2	110.2	115.9	82.4	21.8	2.3	5.6	338.3	272.7
Q3	108.8	115.1	83.4	24.9	2.4	5.7	340.4	..
Q4	111.2	119.8	85.8	26.0	2.5	4.5	349.7	..
1989 Q1	108.1	117.3†	83.9†	26.2	2.4	5.2	343.0†	..
Q2	108.8	118.6	85.3	28.2	2.6	6.5	350.0	..
Q3	109.6†	121.7	83.6	24.5	2.5	5.8	347.7	..
Q4	110.2	121.5	88.3	26.0	2.4	3.5	351.8	..
1990 Q1	113.8	125.3	89.8	23.7†	2.4†	..	355.0	..
Percentage change, quarter on corresponding quarter of previous year								
	FDAP	FDAQ	FDAR	FDAS	FDAT	FDAX	FDAO	FDAU
1984 Q4	*-45.2*	*47.3*	*2.3*	*12.6*	*-9.6*	-	*0.5*	*1.8*
1985 Q1	*-36.4*	*38.7*	*3.6*	*33.3*	*-12.0*	-	*2.4*	*3.1*
Q2	*66.9*	*-24.4*	*9.1*	*3.6*	*-15.9*	-	*6.8*	*5.8*
Q3	*90.7*	*-30.3*	*6.4*	*14.2*	*-6.8*	-	*5.6*	*4.0*
Q4	*90.5*	*-33.3*	*2.9*	*4.7*	*5.8*	-	*2.8*	*3.1*
1986 Q1	*62.9*	*-28.0*	*4.9*	*-10.0*	*6.8*	+	*2.0*	*3.4*
Q2	*-3.8*	*13.4*	*-3.1*	*-5.2*	*14.4*	+	*2.3*	*2.6*
Q3	*-6.4*	*9.4*	*-3.6*	*-1.9*	*14.6*	+	*-0.3*	*0.1*
Q4	*-8.1*	*7.8*	*1.1*	*2.5*	*6.0*	+	*2.0*	*2.4*
1987 Q1	*-4.0*	*0.6*	-	*0.7*	*2.7*	+	*-0.1*	*2.2*
Q2	*2.0*	*-8.4*	*8.9*	*-2.7*	*-0.2*	+	*0.8*	*1.6*
Q3	*6.5*	*-4.8*	*9.5*	*-14.2*	*-5.9*	+	*3.0*	*4.7*
Q4	*5.6*	*2.7*	*4.7*	*-12.9*	*-7.4*	*32.9*	*3.0*	*4.9*
1988 Q1	*3.9*	*9.5*	*1.2*	*-8.9*	*0.9*	*33.8*	*4.5*	*1.1*
Q2	*-3.8*	*8.2*	*-4.2*	*5.8*	*3.6*	*3.7*	*0.7*	*1.2*
Q3	*-6.0*	*3.6*	*-2.3*	*33.1*	*6.8*	*23.1*	*0.8*	..
Q4	*-3.7*	*8.2*	*1.4*	*37.7*	*14.5*	*-12.3*	*3.8*	..
1989 Q1	*-6.2*	*3.4*	*-0.4†*	*36.1*	*4.4†*	*1.4*	*1.1†*	..
Q2	*-1.3*	*2.3†*	*3.5*	*29.5*	*10.7*	*15.2*	*3.4*	..
Q3	*0.7†*	*5.8*	*0.2*	*-1.9*	*5.9*	*0.9*	*2.1*	..
Q4	*0.9*	*1.4*	*2.9*	*0.1*	*-0.8*	*-23.8*	*0.7*	..
1990 Q1	*5.3*	*6.8*	*7.0*	*-9.4†*	*-0.3*	*-99.9†*	*3.5*	..

1 Annual data includes adjustment for net foreign trade and stock change in other solid fuels.

2 Quarterly data from Q1 1985 onwards are the estimated annual outturn. Comparisons with 1984 are based on corresponding estimated outturns in that year, not the data shown in the table.

Source: Department of Energy


Inland energy consumption
Percentage share
50
45
40
35
30
25
20
15
10
5
0
Petroleum
Coal
Natural gas
Nuclear and
hydro-electricity
1984
1985
1986
1987
1988
1989

16 Index of output of the production industries[1]

1985 = 100

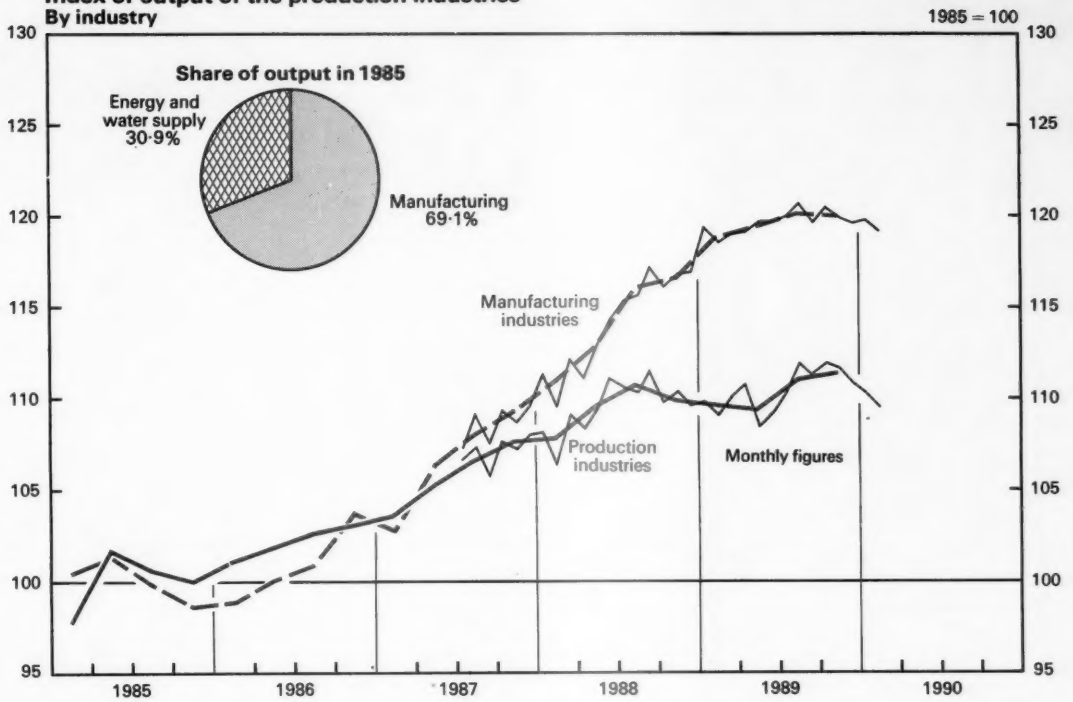
	Total production industries+	Energy and water supply	Total manufacturing industries+	By market sector: Consumer goods industries	By market sector: Investment goods industries	By market sector: Intermediate goods industries
1985 weights	*1 000*	*309*	*691*	*243*	*195*	*562*
	DVIM	DVIN	DVIS	DVJP	DVJV	DVJZ
1983	94.7	96.8	93.7	95.3	91.8	95.4
1984	94.9	88.8	97.6	98.1	95.8	93.2
1985	100.0	100.0	100.0	100.0	100.0	100.0
1986	102.3†	105.0	101.2†	101.4†	99.8†	103.6
1987	105.7	103.9	106.5	106.7	102.6	106.3†
1988	109.7	99.3	114.3	112.4	111.6	107.8
1989	110.3	89.8†	119.4	115.1	121.9	104.2
1985 Q1	97.8†	91.9†	100.4	100.6†	100.9†	95.5†
Q2	101.7	103.0	101.1†	100.1	102.4	102.1
Q3	100.6	102.3	99.9	100.3	99.6	101.1
Q4	99.9	102.8	98.6	99.1	97.1	101.3
1986 Q1	101.2	106.3	98.9	99.4	99.1	102.6
Q2	102.1	105.5	100.6	101.0	99.2	103.6
Q3	102.9	106.6	101.3	101.6	99.5	104.7
Q4	103.1	101.5	103.8	103.6	101.5	103.5
1987 Q1	103.8	105.3	103.1	103.5	99.3	105.5
Q2	104.9	103.0	105.7	105.7	102.0	105.5
Q3	106.7	103.3	108.2	108.1	104.8	106.7
Q4	107.5	104.0	109.0	109.5	104.3	107.6
1988 Q1	108.3	101.2	111.5	109.9	107.7	107.8
Q2	109.7	102.9	112.7	111.4	109.7	108.9
Q3	110.4	98.5	115.8	114.1	113.1	107.9
Q4	110.2	94.7	117.2	114.3	115.9	106.5
1989 Q1	110.0	89.4	119.2	115.0	120.2	104.3
Q2	109.6	87.2	119.6	115.4	121.3	103.0
Q3	110.8	90.7	119.8	115.2	123.4	104.6
Q4	110.8	92.1	119.1	114.8	122.7	104.9
1990 Q1	110.7	89.5	120.2	115.7	123.9	103.9
1987 Oct	107.6†	104.1	109.1†	109.5†	103.8†	108.0†
Nov	107.2	103.6†	108.9	108.8	103.4	107.9
Dec	107.6	104.2	109.1	110.3	105.9	107.0
1988 Jan	109.2	101.4	112.7	110.6	107.1	109.4
Feb	106.6	99.9	109.5	108.7	105.4	106.0
Mar	109.1	102.4	112.1	110.5	110.7	108.0
Apr	108.8	102.7	111.4	109.2	109.1	108.5
May	109.8	102.0	113.3	112.2	109.0	109.1
Jun	110.4	103.9	113.3	112.7	111.0	109.2
Jul	110.5	99.4	115.4	113.7	112.1	108.6
Aug	109.9	97.7	115.3	113.2	112.3	107.6
Sep	110.9	98.2	116.6	115.5	114.9	107.6
Oct	110.3	95.5	116.9	113.6	116.5	106.8
Nov	110.3	95.7	116.8	114.6	114.9	106.9
Dec	110.0	92.9	117.7	114.6	116.5	105.8
1989 Jan	109.9	88.5	119.4	114.7	119.6	104.4
Feb	110.1	89.3	119.4	114.8	121.3	104.3
Mar	110.0	90.5	118.8	115.7	119.8	104.2
Apr	111.6	92.4	120.2	116.6	120.6	106.4
May	108.5	83.3	119.7	115.0	121.2	101.3
Jun	108.6	85.9	118.7	114.6	122.1	101.3
Jul	110.0	88.3	119.8	115.7	123.7	102.9
Aug	111.3	91.6	120.1	115.1	124.2	105.3
Sep	111.1	92.2	119.5	114.9	122.2	105.5
Oct	111.1	92.6	119.4	114.5	124.5	105.0
Nov	110.5	92.5	118.6	114.0	121.7	105.1
Dec	110.7	91.1	119.4	115.8	122.0	104.5
1990 Jan	110.5	89.1	120.1	116.0	124.4	103.3
Feb	109.8	88.7	119.2	114.6	123.0	103.2
Mar	111.8	90.6	121.2	116.8	124.3	105.3

1 The figures contain, where appropriate, an adjustment for stock changes.

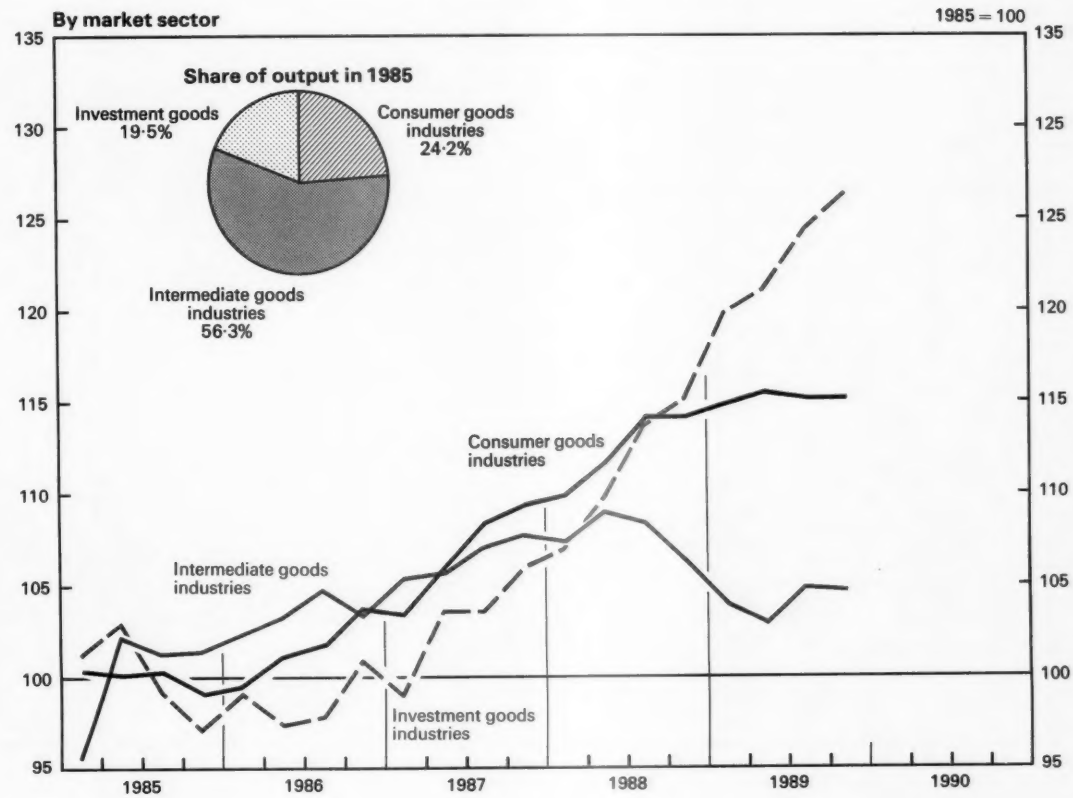
Source: Central Statistical Office

Index of output of the production industries

By industry



By market sector



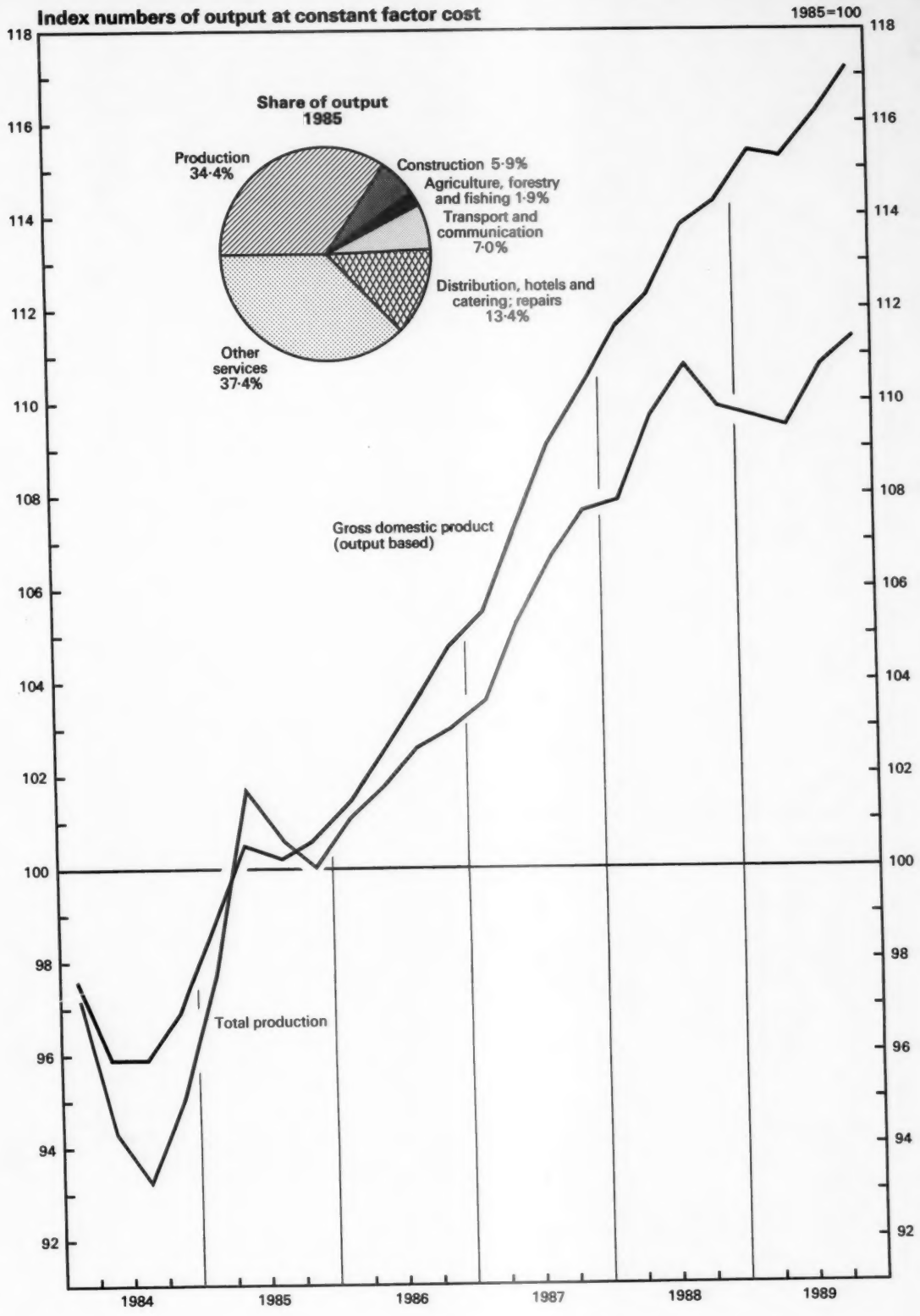
17 Index numbers of output at constant factor cost

1985 = 100

	Agriculture, forestry and fishing	Production industries[1] +	Construction	Service industries+				Gross domestic product
				Distribution; hotels and catering; repairs	Transport and communication	Other services	Total services	
1985 weights	*19*	*344*	*59*	*134*	*70*	*374*	*578*	*1 000*
	CKAP		DVJO	CKAQ	CKAR	CKAS	CKCE	DSAE
1981	88	89.6	82.1	85	91	91	89.6	89.0
1982	95	91.3	88.6	87	90	92	90.8	91.0
1983	90	94.7	94.3	91	92	95	93.8	94.0
1984	106†	94.9	99.6†	96	96†	98	96.9†	96.5†
1985	100	100.0	100.0	100	100	100	100.0	100.0
1986	97	102.3	104.6	104	104	104†	103.7	103.2
1987	98	105.7	110.6	111	112	108	109.5	108.0
1988	97	109.7	118.8	118	120	113	115.0	113.1
1989	98	110.3	123.5	121	127	117	119.2	116.0
1984 Q2	107	94.3	99.6†	95	95†	97	96.3†	96.0†
Q3	108	93.2	100.6	96	97	98†	97.1	96.2
Q4	105	94.9	99.6	97	98	99	98.5	97.4
1985 Q1	101†	97.8	100.6	99	100	99	99.2	98.8
Q2	100	101.7	100.0	100	99	100	99.7	100.4
Q3	99	100.6	98.7	100	100	100	100.1	100.2
Q4	99	99.9	100.7	101	101	101	101.0	100.6
1986 Q1	98	101.2	100.0	101	102	102	101.9	101.5
Q2	97	102.1	104.6	103	103	103	102.9	102.6
Q3	97	102.9	105.8	104	105	104	104.2	103.7
Q4	97	103.1	107.9	106	108	105	105.7	104.8
1987 Q1	98	103.8	109.3	108	107	106	106.5	105.6
Q2	99	104.9	107.5	110	112	107	108.7	107.1
Q3	98	106.7	111.0	112	116	110	110.8	109.1
Q4	98	107.5	114.7	114	115	111	111.9	110.3
1988 Q1	97	108.3	119.7	116†	119	111	113.5	111.8
Q2	96	109.7	117.9	117	119	112	113.9	112.4
Q3	97	110.4	117.4	119	119	114	115.8	113.7
Q4	97	110.2	120.3	120	122	115	117.0	114.5
1989 Q1	97	110.0	125.2	122	125	116	118.5	115.6
Q2	99	109.6	124.3	121	126	116	118.5	115.4
Q3	98	110.8	120.7	121	127	117	119.4	116.1
Q4	98	110.8	123.9	121	128	119	120.4	116.8
1990 Q1	..	110.7	..	122	..	..	121.3	117.3
Percentage change, quarter on corresponding quarter of previous year								
1984 Q4	*13*	*-1.9*	*3†*	*5.6†*	*4†*	*3†*	*3.8†*	*2.0†*
1985 Q1	-	*0.6*	*2*	*4.9*	*6*	*3*	*3.7*	*2.4*
Q2	*-7*	*7.8*	-	*4.8*	*4*	*3*	*3.4*	*4.5*
Q3	*-8*	*8.0*	*-2*	*4.8*	*3*	*2*	*3.0*	*4.1*
Q4	*-6†*	*5.3*	*1*	*3.6*	*3*	*2*	*2.6*	*3.3*
1986 Q1	*-4*	*3.4*	*-1*	*2.6*	*2*	*3*	*2.8*	*2.7*
Q2	*-3*	*0.5*	*5*	*3.1*	*4*	*3*	*3.3*	*2.2*
Q3	*-2*	*2.3*	*7*	*3.8*	*4*	*4*	*4.1*	*3.5*
Q4	*-2*	*3.2*	*7*	*4.6*	*7*	*4*	*4.6*	*4.2*
1987 Q1	*1*	*2.6*	*9*	*6.2*	*5*	*4*	*4.5*	*4.0*
Q2	*2*	*2.7*	*3*	*7.0*	*9*	*4*	*5.6*	*4.4*
Q3	*1*	*3.7*	*5*	*7.3*	*10*	*5*	*6.3*	*5.2*
Q4	*1*	*4.2*	*6*	*7.5*	*7*	*5*	*5.9*	*5.3*
1988 Q1	*-2*	*4.3*	*10*	*8.1*	*12*	*5*	*6.6*	*5.8*
Q2	*-3*	*4.6*	*10*	*5.9*	*6*	*4*	*4.8*	*4.9*
Q3	*-1*	*3.5*	*6*	*6.3*	*3*	*4*	*4.6*	*4.2*
Q4	*-1*	*2.6*	*5*	*5.5*	*6*	*4*	*4.5*	*3.8*
1989 Q1	*1*	*1.6*	*5*	*4.6*	*6*	*4*	*4.4*	*3.4*
Q2	*2*	*-0.1*	*5*	*3.8*	*6*	*4*	*4.1*	*2.7*
Q3	*1*	*0.3*	*3*	*2.0*	*6*	*3*	*3.1*	*2.1*
Q4	*1*	*0.5*	*3*	*1.2*	*5*	*3*	*2.9*	*2.1*
1990 Q1	..	*0.6*	..	*0.3*	..	..	*2.3*	*1.5*

1 The latest data for the index of production are presented in Table 16. The figures given in this table are consistent with the figures for the output measure of gross domestic product.

Source: Central Statistical Office


Index numbers of output at constant factor cost
1985=100
Share of output
1985
Production
34·4%
Construction 5·9%
Agriculture, forestry
and fishing 1·9%
Transport and
communication
7·0%
Distribution, hotels and
catering; repairs
13·4%
Other
services
37·4%
Gross domestic product
(output based)
Total production
118
116
114
112
110
108
106
104
102
100
98
96
94
92
1984
1985
1986
1987
1988
1989

18 Engineering and construction: output and orders

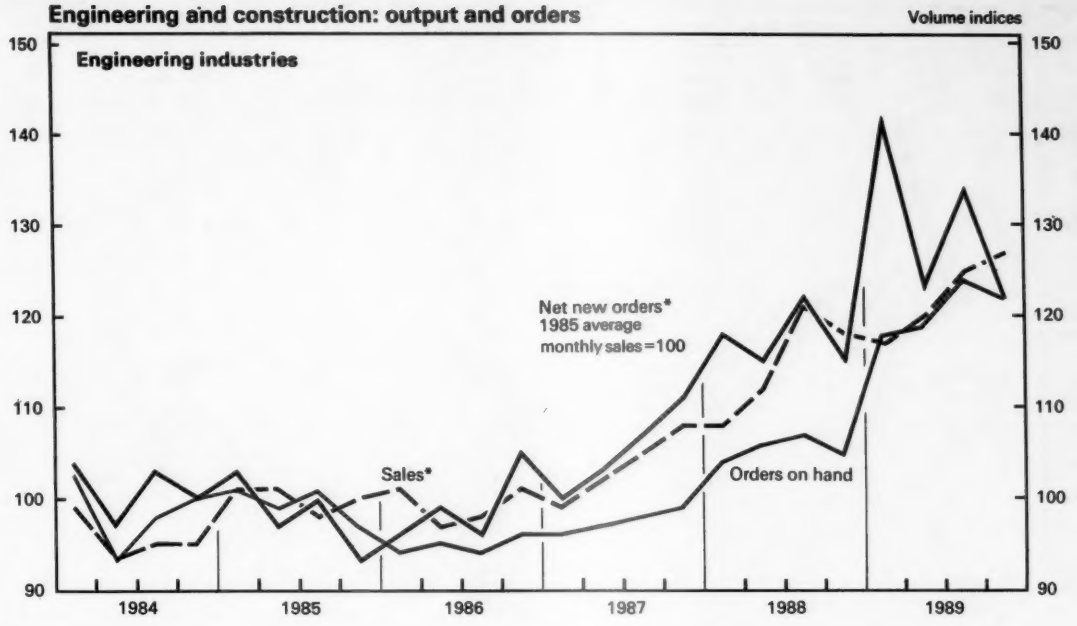
Volume index numbers

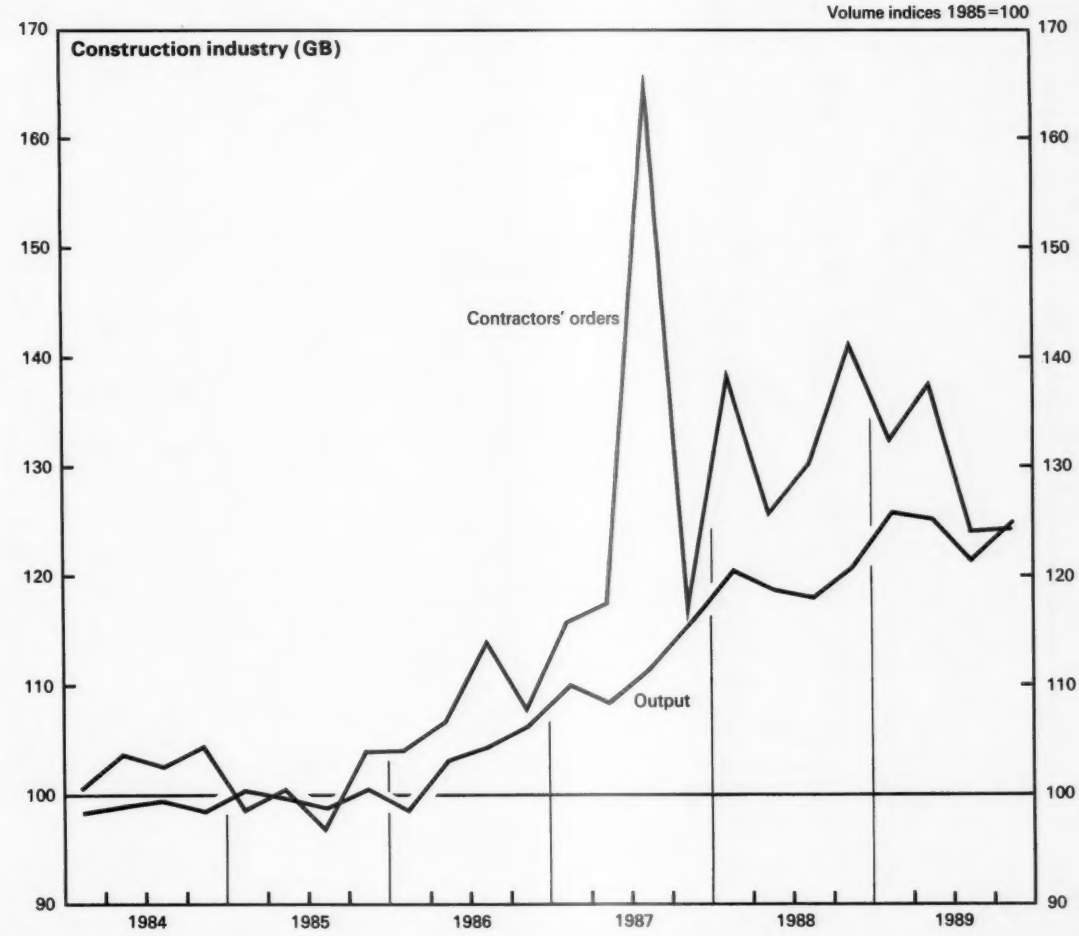
	Engineering industries[1]							Construction (GB)	
	Home market		Export		Total				
	Orders on hand end of period (average 1985 = 100)	New orders[2] (1985 average monthly sales = 100)	Orders on hand end of period (average 1985 = 100)	New orders[2] (1985 average monthly sales = 100)	Sales[2] (1985 average monthly sales = 100)	Orders on hand end of period (average 1985 =100)	New orders[2] (1985 average monthly sales = 100)	Gross output[3] (1985 = 100)	Orders received (1985 = 100)
	FEAV	FEAN	FEAX	FEAP	FEAJ	DKCJ	FEAL	FEAQ	FEAZ
1985	96	96	99	102	100	97	98	100.0	100.0
1986	96	99	97	99	100	97†	99	103.3	108.2
1987	101	105	95†	105	104	99	105	111.4	128.8[4]
1988	107†	115	103	125†	115	106	118	119.5	134.0
1989	118	122†	121	143	122	119	129†	124.3	129.6
1986 Q1	93	94†	96	92†	99†	94	93†	98.7	104.1
Q2	96	102	94	92	97	95	99	103.3	106.8
Q3	96†	101	92	96	101	94	99	104.4	114.2
Q4	96	100	97	115	101	96	105	106.6	107.6
1987 Q1	96	99	97	105	101	96	101	110.0	115.9
Q2	97	99	97	101	99	97	100	108.4	117.5
Q3	98	109	97	108	107	98	109	111.7	165.8[4]
Q4	101	113	95†	108	108	99	111	115.5	116.0
1988 Q1	105	114	104	133	109	105†	120	120.3	138.7
Q2	107	114	103	115	111	106	114	118.8	125.7
Q3	109	121	102	126	121	107	123	118.0	130.2
Q4	107	112	103	125	119	106	116	120.9	141.4
1989 Q1	118	132	118	161	116	118	141	125.9	132.3
Q2	122	124	117	126	120	120	125	125.2	137.8
Q3	123	123	123	149	125	123	131	121.5	124.1
Q4	118	110	121	135	126	119	118	124.9	124.2
1990 Q1	119	120	122	143	126	120	128	..	111.7†
1987 Oct	99	110	98	115	108	98	111	..	116.3
Nov	100	114	97	109	107	99	113	..	113.1
Dec	101	114	96	99	109	99	109	..	118.4
1988 Jan	105	130†	103	163†	108†	104	141†	..	135.0
Feb	104	102	103	114	110	104†	106	..	144.3
Mar	105†	109	104	122	108	105	113	..	136.9
Apr	105	109	105	123	109	105	113	..	127.2
May	107	117	104	105	105	106	113	..	123.3
Jun	107	116	103	116	117	106	116	..	126.4
Jul	110	129	102	126	122	107	128	..	129.6
Aug	111	119	103	124	116	108	121	..	127.6
Sep	109	114	102	129	124	107	119	..	133.5
Oct	107	107	103	129	123	105	114	..	138.1
Nov	107	118	104	135	118	106	123	..	148.3
Dec	107	111	103	110	114	106	111	..	137.7
1989 Jan	117	166	113	191	116	115	174	..	142.6
Feb	116	109	118	175	122	116	130	..	129.3
Mar	118	121	118†	117	110	118	120	..	125.1
Apr	125	160	120	147	124	123	156	..	142.3
May	122	98	118	104	114	121	100	..	127.2
Jun	122	115	117	127	123	120	119	..	143.8
Jul	122	126	120	162	129	121	138	..	114.9
Aug	122	118	124	155	122	123	130	..	115.3
Sep	123	125	123	130	126	123	126	..	142.1
Oct	121	108	124	155	128	122	123	..	131.8
Nov	119	111	125	146	127	121	122	..	123.1
Dec	118	112	121	104	122	119	110	..	117.5
1990 Jan	119	118	123	152	123	120	129	..	117.1†
Feb	120	132	123	144	129	121	136	..	109.2
Mar	119	110	122	134	126	120	118	..	108.6

1 Mechanical, instrument and electrical engineering (SIC classes 32, 33, 34 and 37).
2 Net of cancellations.
3 This index is based on a gross output series which includes repair and maintenance estimates, unrecorded output by self-employed workers and small firms and output by the direct labour departments of the public sector.
4 Includes the Channel Tunnel project. Excluding the project, the level of orders would have been 137.4 in July 1987, 134.6 in third quarter 1987 and 121.0 in 1987 as a whole.

Sources: Department of Trade and Industry; Department of the Environment

Engineering and construction: output and orders





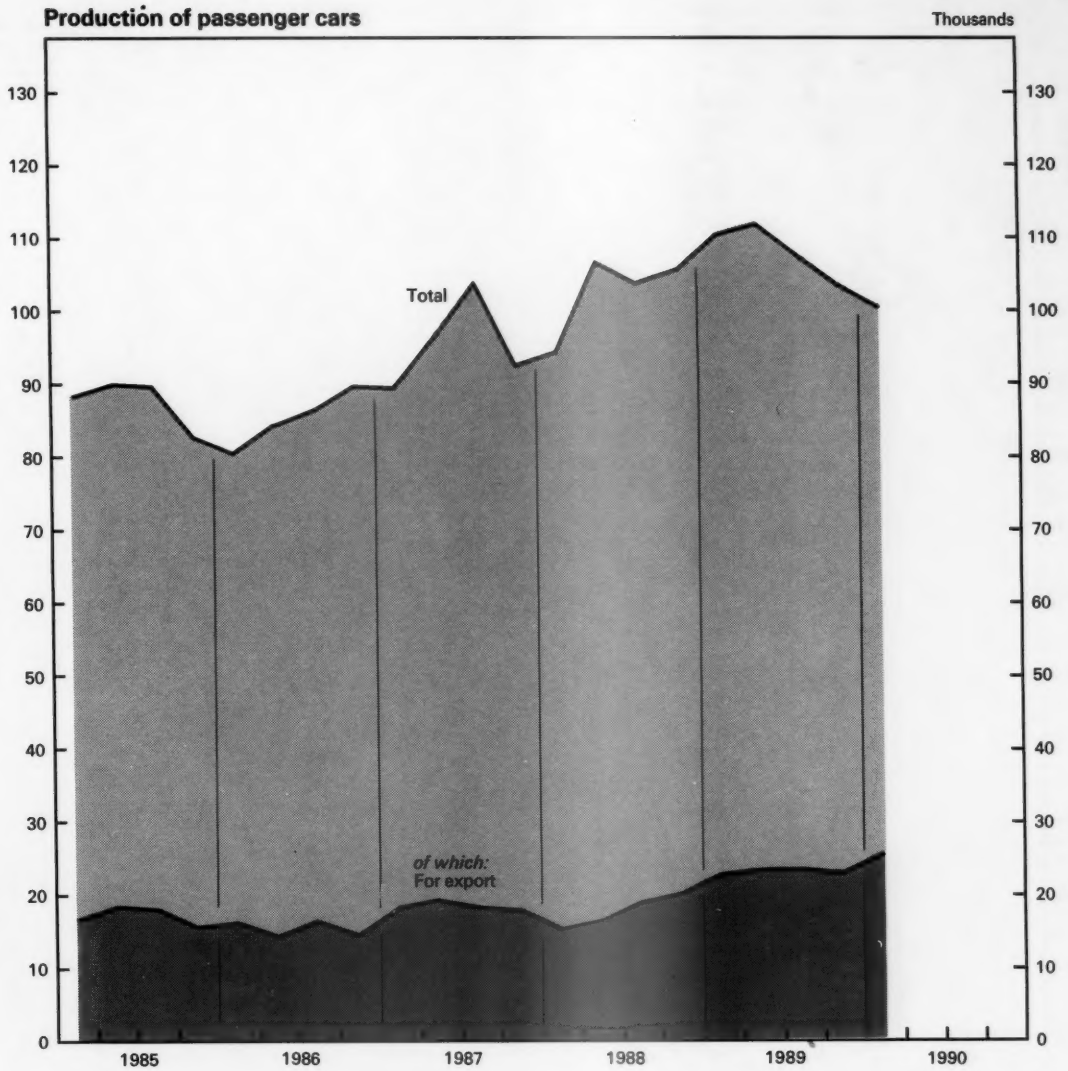
*See footnote [2] on page 32

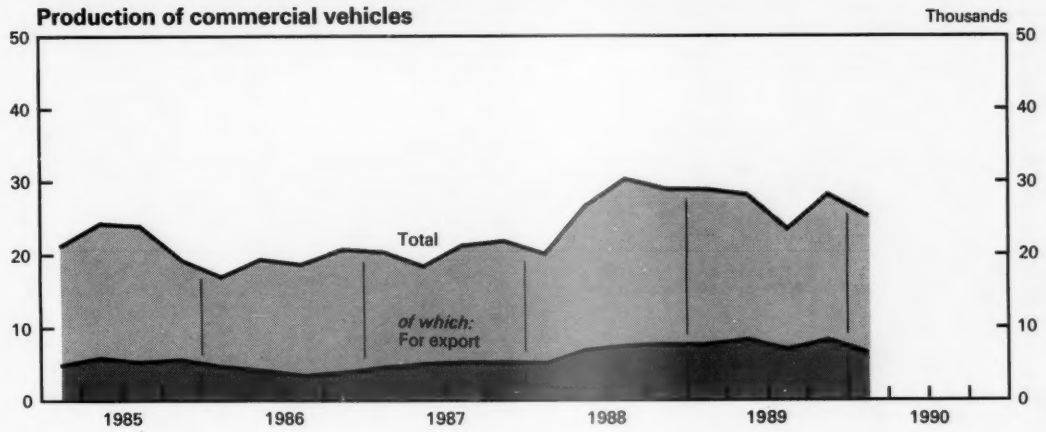
19 Motor vehicle production[1] and steel production and consumption

	Passenger cars+		Commercial vehicles+		Crude steel production[2] (thousand tonnes)	Finished steel consumption (thousand tonnes)
	Total production (thousands)	Of which for export (thousands)	Total production (thousands)	Of which for export (thousands)		
	FFAO	FFAP	FFAQ	FFAR	FFAM	FFAN
1978	89.3	41.2	32.0	14.1	20 237	15 710
1979	77.0	32.8	34.0	13.5	21 411	15 480
1980	77.0	29.1	32.4	13.0	11 387	12 770
1981	79.5	25.4	19.2	9.5	15 308	12 440
1982	74.0	18.8	22.4	7.7	13 644	12 240
1983	87.0	19.8	20.4	5.2	14 933	11 510
1984	75.7	16.0	18.7	4.1	15 076	11 340
1985	87.6	17.3	22.2	5.5	15 716	11 560
1986	85.1	15.5	19.0	4.2	14 723	11 840
1987	95.1	18.9	20.6	5.1	17 414	12 330
1988	102.2	17.8	26.4	7.0	18 950	14 480
1989	108.3	23.4	27.2	8.0	18 740	14 700†
1985 Q4	82.5	15.8	19.4	5.8	3 965.0	3 010
1986 Q1	80.2	16.2	17.2	4.8	3 787.0	2 950
Q2	84.3	14.6	19.4	4.2	3 256.0	3 010
Q3	86.6	16.3	18.8	3.8	3 436.0	2 960
Q4	89.4	14.8	20.7	3.9	4 244.0	2 890
1987 Q1	90.9	18.9	20.4	4.5	3 989.0	2 870
Q2	94.9	19.6	18.8	5.2	4 392.0	3 030
Q3	102.8	18.9	21.5	5.3	4 673.0	3 260
Q4	91.6	18.1	21.8	5.3	4 672.0	3 170
1988 Q1	93.9	15.6	20.0	5.2	4 751.0	3 580†
Q2	106.5	16.5	26.5	7.2	4 694.0	3 630
Q3	103.3	19.1	30.3	7.8	4 675.0	3 670
Q4	105.2	20.2	28.9	7.9	4 727.3	3 700
1989 Q1	110.1	23.0	28.9	7.9	4 854.0	3 760
Q2	111.6	23.6	28.3	8.3	4 740.6	3 910
Q3	107.8	23.8	23.4	7.3	4 912.0	3 650
Q4	103.5	23.3	28.3	8.5	4 282.6	3 470
1990 Q1	97.7†	25.5†	22.0†	6.3†	4 539.8†	3 640
1988 Feb	82.0	15.6	15.9	3.4	1 446.0	..
Mar	103.6	14.8	22.8	6.4	1 682.0*	..
Apr	102.5	16.7	24.0	6.3	1 432.0	..
May	103.6	14.8	25.7	6.7	1 513.0	..
Jun	113.4	18.0	29.9	8.7	1 749.0*	..
Jul	106.1	18.1	29.5	8.8	1 514.0	..
Aug	102.7	19.0	33.5	7.3	1 420.0	..
Sep	101.2	20.2	27.8	7.3	1 742.0*	..
Oct	105.9	22.7	28.9	8.0	1 470.0	..
Nov	111.2	22.1	30.1	8.2	1 805.0*	..
Dec	98.6	15.7	27.8	7.6	1 453.0	..
1989 Jan	116.8	23.9	30.2	8.0	1 623.0	..
Feb	107.9	22.7	28.6	8.3	1 503.0	..
Mar	105.5	22.3	27.8	7.3	1 728.0*	..
Apr	120.6	25.4	31.2	10.1	1 430.8	..
May	107.8	24.1	27.8	7.0	1 829.0*	..
Jun	106.5	21.3	25.9	7.7	1 480.8	..
Jul	122.4	25.7	17.7	4.5	1 583.2	..
Aug	87.6	21.6	25.7	8.4	1 892.0*	..
Sep	113.5	24.0	26.7	8.9	1 436.8	..
Oct	111.3	22.9	32.7	10.5	1 257.6	..
Nov	92.0	23.1	23.5	7.1	1 651.0*	..
Dec	107.1	23.8	28.8	7.9	1 382.8	..
1990 Jan	111.3†	30.0	26.8	8.1	1 829.0*	..
Feb	89.9	23.9	16.1	4.5	1 344.0	..
Mar	91.9	22.6†	23.1†	6.4†	1 366.8†	..
Apr	119.5	27.1	31.8	10.8	1 432.8	..

1 Annual and quarterly figures are monthly averages.
2 The totals are for 'usable steel' in accordance with the system used by the EC and the International Iron and Steel Institute.

Source: Department of Trade and Industry


Production of passenger cars
Thousands
130
120
110
100
90
80
70
60
50
40
30
20
10
0
Total
of which:
For export
1985
1986
1987
1988
1989
1990


Production of commercial vehicles
Thousands
50
40
30
20
10
0
Total
of which:
For export
1985
1986
1987
1988
1989
1990

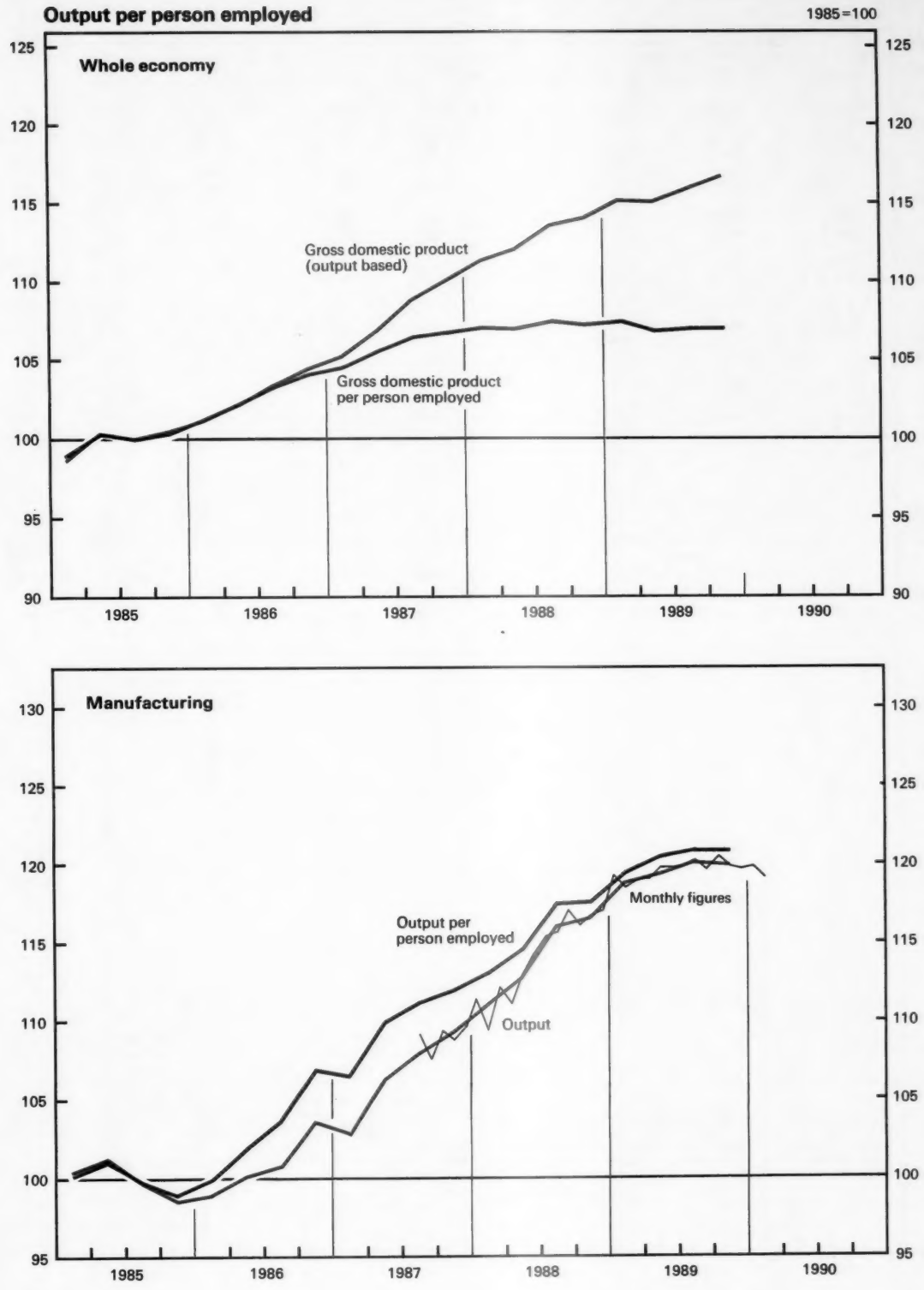
20 Output per person employed

1985 = 100

	Employed labour force[1]			Output per person employed[2]			Output per hour in manufacturing industries
	Whole economy	Total production industries	Manufacturing industries	Whole economy	Total production industries	Manufacturing industries	
	DMBC	DMBK	DMBD	DMBE	CAIW	DMBF	DMBH
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986	100.1	97.3	97.9	102.9	105.2†	103.3†	103.6†
1987	101.9	96.0	97.0	106.0	110.1	109.8	109.5
1988	105.3	97.1	98.7	107.4	112.9	115.8	115.0
1989	108.2	97.5	99.3	107.2	113.2	120.2	120.1
1986 Q3	100.1	96.8	97.3	103.5	106.4†	104.1†	104.3†
Q4	100.4	96.2	97.0	104.3	107.2	107.1	107.5
1987 Q1	100.7	95.7	96.5	104.7	108.4	106.8	107.0
Q2	101.4	95.8	96.8	105.7	109.4	109.2	108.8
Q3	102.3	96.1	97.2	106.6	111.0	111.3	111.0
Q4	103.2	96.4	97.6	106.9	111.4	111.7	111.1
1988 Q1	104.1	96.8	98.2	107.2	111.9	113.5	112.8
Q2	104.8	97.0	98.4	107.2	113.1	114.5	113.8
Q3	105.7	97.2	98.9	107.6	113.6	117.1	116.4
Q4	106.4	97.6	99.2	107.4	113.0	118.1	117.2
1989 Q1	107.2	97.7	99.5	107.6	112.6	119.8	119.5
Q2	107.9	97.4	99.2	106.9	112.5	120.5	120.3
Q3	108.5	97.4	99.3	107.1	113.8	120.6	120.5
Q4	109.2	97.3	99.3	107.1	113.8	120.0	120.3
1990 Q1	..	97.1†	99.2†	..	114.0	121.1	121.5
1988 Nov	..	..	99.2	..	..	117.8†	116.9†
Dec	..	..	99.3	..	..	118.5	117.5
1989 Jan	..	..	99.5	..	..	120.0	119.5
Feb	..	..	99.5	..	..	120.0	119.7
Mar	..	..	99.5	..	..	119.3	119.2
Apr	..	..	99.3	..	..	121.0	120.7
May	..	..	99.2	..	..	120.7	120.6
Jun	..	..	99.2	..	..	119.8	119.7
Jul	..	..	99.1	..	..	120.8	120.8
Aug	..	..	99.5	..	..	120.7	120.4
Sep	..	..	99.4	..	..	120.2	120.2
Oct	..	..	99.3	..	..	120.2	120.3
Nov	..	..	99.3	..	..	119.4	119.7
Dec	..	..	99.3	..	..	120.3	120.8
1990 Jan	..	..	99.5	..	..	120.7	121.0
Feb	..	..	99.3†	..	..	120.1	120.5
Mar	..	..	99.0	..	..	122.5	123.0
Percentage change, quarter on corresponding quarter of previous year							
1986 Q3	-	-3.2	-2.6	3.4	5.7†	4.2†	4.5†
Q4	0.3	-3.2	-2.7	3.8	6.6	8.2	8.7
1987 Q1	0.7	-3.0	-2.6	3.3	5.8	7.1	7.1
Q2	1.4	-1.8	-1.5	3.2	4.5	6.6	5.8
Q3	2.2	-0.7	-0.1	3.1	4.3	7.0	6.4
Q4	2.8	0.2	0.7	2.5	4.0	4.3	3.3
1988 Q1	3.4	1.1	1.7	2.3	3.2	6.3	5.4
Q2	3.4	1.2	1.7	1.4	3.4	4.8	4.6
Q3	3.3	1.2	1.7	1.0	2.3	5.2	4.8
Q4	3.1	1.2	1.6	0.5	1.4	5.8	5.5
1989 Q1	3.0	1.0	1.4	0.4	0.6	5.5	5.9
Q2	3.0	0.5	0.8	-0.3	-0.6	5.3	5.7
Q3	2.6	0.1	0.5	-0.5	0.2	3.0	3.5
Q4	2.6	-0.3	0.1	-0.3	0.8	1.6	2.6
1990 Q1	..	-0.6†	-0.3†	..	1.2	1.1	1.7

1 Comprises employees in employment, the self-employed and HM Forces.
2 The ratios do not take into account part-time working or hours of work.

Sources: Department of Employment; Central Statistical Office


Output per person employed
1985=100
Whole economy
Gross domestic product (output based)
Gross domestic product per person employed
Manufacturing
Monthly figures
Output per person employed
Output
125
120
115
110
105
100
95
90
130
1985
1986
1987
1988
1989
1990

21 National employment and unemployment [1]

	Workforce[2,3] (thousands)	Workforce in employment[2,3,4] (thousands)	Employees in employment[2,3,4] (thousands)	Unemployed[5] +		Vacancies at job centres+[7] (thousands)	Employees in employment (GB) (thousands)		Total unemployed[5] (thousands) (NSA)
				Total (thousands)	Percentage of workforce[6]		Manufacturing industry	Production industry	
	DYDD	DYDC	BCAJ	BCJD	BCJE	DPCB	BCHK	DYCP	BCJA
1983	26 634	23 613	21 054	2 790.5	*10.4*	137.3	5 431	6 070	3 104.6
1984	27 309	24 226	21 229	2 920.7†	*10.7*	150.2	5 316	5 923	3 159.9
1985	27 739	24 527	21 414	3 035.7	*10.9*	162.1	5 269	5 851	3 271.3
1986	27 871	24 553	21 379	3 107.2	*11.2*	188.8	5 138	5 673	3 289.1
1987	28 057	25 065	21 575	2 859.3	*10.3*	235.4	5 064	5 563	2 953.4
1988	28 334	25 909	22 265	2 336.9	*8.3*	248.6	5 131	5 610	2 370.4
1989	28 564	26 751	22 740	1 828.7	*6.4*	225.6	5 143	5 607	1 800.4
1987 Q3	28 169	25 333	21 740	2 810.6	*10.1*	240.5	5 074	5 573	2 880.8
Q4	28 242	25 562	21 956	2 658.4	*9.5*	257.0	5 096	5 593	2 710.9
1988 Q1	28 305	25 739	22 125	2 524.8	*8.9*	251.7	5 122	5 609	2 659.9
Q2	28 334	25 909	22 265	2 408.4	*8.5*	255.6	5 131	5 610	2 434.6
Q3	28 423	26 168	22 435	2 262.8	*8.0*	246.0	5 148	5 628	2 309.6
Q4	28 391	26 347	22 513	2 151.7	*7.6*	241.4	5 163	5 641	2 077.4
1989 Q1	28 534	26 611	22 674	1 995.0	*7.0*	228.6	5 169	5 639	2 017.6
Q2	28 564	26 751	22 740	1 860.1	*6.5*	222.4	5 143	5 607	1 809.7
Q3	28 619	26 925	22 872	1 785.1	*6.3*	220.3	5 154	5 611	1 738.5
Q4	28 712†	27 075†	23 002†	1 674.5	*5.9*	206.5	5 142	5 601	1 635.8
1990 Q1	..	..	..	1 612.1	*5.7*	197.9	..	..	..
Q2	..	..	..	..	*5.6†*	..	..	..	..
1988 Feb	..	..	..	2 488.3	*8.8*	251.2	5 119	5 611	2 665.5
Mar	..	..	..	2 451.5	*8.7*	251.2	5 122	5 609	2 592.1
Apr	..	..	..	2 408.4	*8.5*	256.8	5 124	5 604	2 536.0
May	..	..	..	2 366.7	*8.4*	256.3	5 130	5 609	2 426.9
Jun	..	..	..	2 322.0	*8.2*	253.6	5 131	5 610	2 340.8
Jul	..	..	..	2 262.8	*8.0*	250.3	5 143	5 622	2 326.7
Aug	..	..	..	2 220.7	*7.9*	245.2	5 147	5 627	2 291.2
Sep	..	..	..	2 189.3	*7.7*	242.4	5 148	5 628	2 311.0
Oct	..	..	..	2 151.7	*7.6*	244.8	5 148	5 626	2 118.9
Nov	..	..	..	2 101.8	*7.4*	241.5	5 157	5 635	2 066.9
Dec	..	..	..	2 038.3	*7.2*	237.8	5 163	5 641	2 046.5
1989 Jan	..	..	..	1 995.1†	*7.0*	230.9	5 171	5 648	2 074.3
Feb	..	..	..	1 951.9	*6.8*	229.9	5 171	5 646	2 018.2
Mar	..	..	..	1 920.5	*6.7*	224.9	5 169	5 639	1 960.2
Apr	..	..	..	1 860.1	*6.5*	223.2	5 157	5 625	1 883.6
May	..	..	..	1 839.1	*6.5*	219.5	5 146	5 613	1 802.5
Jun	..	..	..	1 811.3	*6.4*	224.4	5 143	5 607	1 743.1
Jul	..	..	..	1 785.1	*6.3*	220.6	5 141	5 602	1 771.4
Aug	..	..	..	1 742.7	*6.1*	219.5	5 161	5 622	1 741.1
Sep	..	..	..	1 692.7	*5.9*	220.7	5 154	5 611	1 702.9
Oct	..	..	..	1 674.5	*5.9*	214.6	5 147	5 605	1 635.8
Nov	..	..	..	1 652.0	*5.8*	209.5	5 146	5 605	1 612.4
Dec	..	..	..	1 634.6	*5.7*	195.4	5 142	5 601	1 639.0
1990 Jan	..	..	..	1 612.1	*5.7*	199.3	5 153	5 612	1 687.0
Feb	..	..	..	1 610.4	*5.6*	198.7	5 137	5 595	1 675.7
Mar	..	..	..	1 604.4	*5.6*	195.6	..	..	1 646.6
Apr	..	..	..	1 605.6	*5.6†*	200.2†	..	..	1 626.3†

1 Unemployment figures do not include students registered for temporary employment during a current vacation.

2 The workforce consists of the workforce in employment and the unemployed (claimants); the workforce in employment comprises employees in employment, the self-employed, HM Forces and participants in work-related government training programmes. See *Employment Gazette* August 1988, page S6.

3 Estimates of employees in employment from December 1987 onwards include an allowance based on the Labour Force Survey to compensate for persistent undercounting in the regular sample enquiries (see *Employment Gazette*, October 1989, p. 560). For all dates, individuals with two jobs as employees of different employers are counted twice.

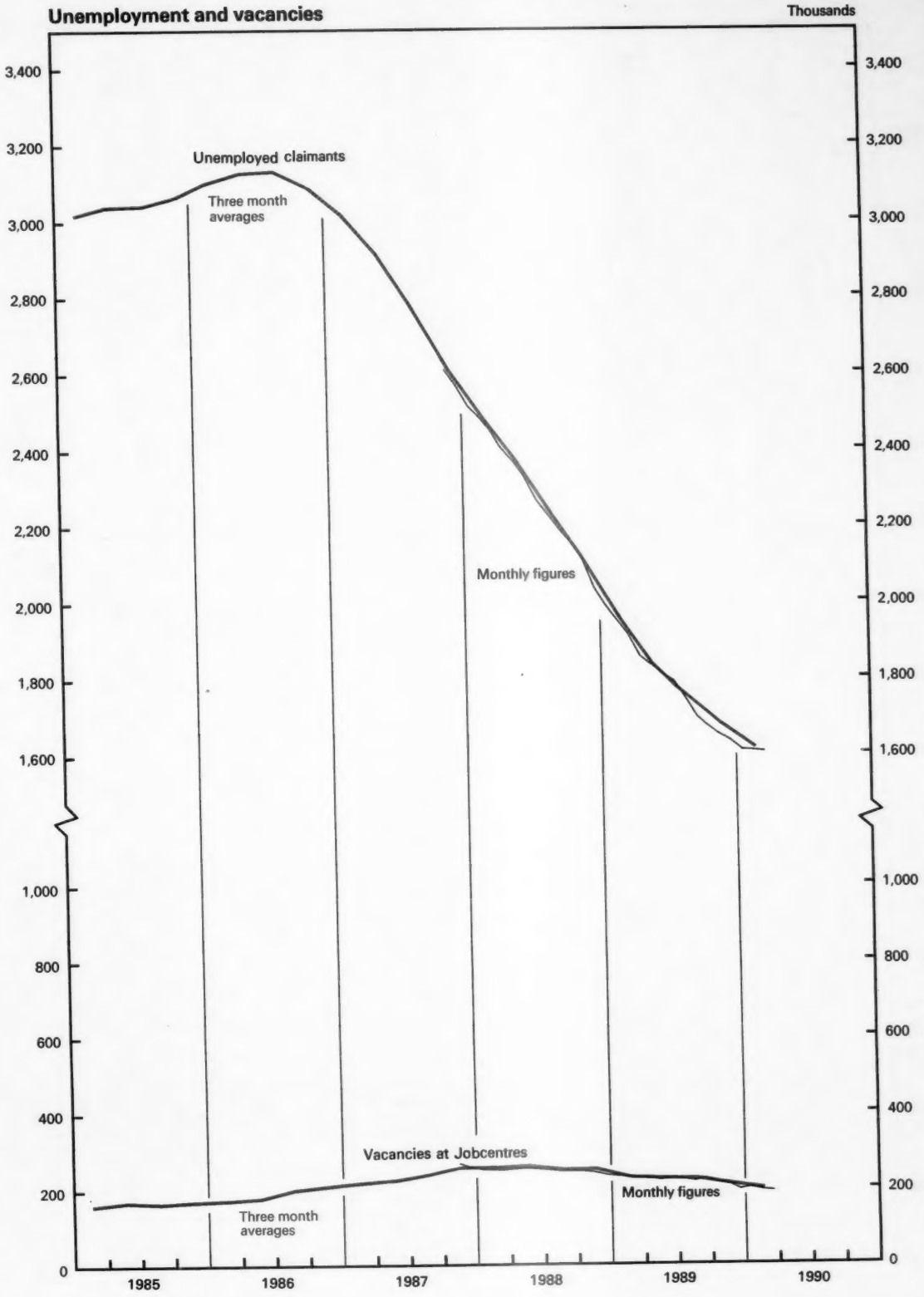
4 Annual estimates relate to mid-year. Figures for the four quarters relate to March, June, September and December.

5 Unadjusted unemployment figures have been affected by changes in the coverage. The seasonally adjusted figures however, as given in this table, are estimated on the current basis, allowing for the discontinuities, and are therefore recommended for the purposes of assessing trends. The seasonally adjusted figures now relate only to claimants aged 18 or over in order to maintain the consistent series, available back to 1971 (1974 for the regions), allowing for the effect of the change in benefit regulations for under 18 year olds from September 1988. (See page 660 of the December 1988 *Employment Gazette*. See also page 422 of the October 1986 edition for the list of previous discontinuities taken into account.)
Note: Quarter figures relate to January, April, July and October.

6 The denominator used to calculate unemployment rates is the workforce - see footnote 2.

7 Vacancies notified to job centres and remaining unfilled.

Source: Department of Employment


Unemployment and vacancies
Thousands
3,400
3,200
3,000
2,800
2,600
2,400
2,200
2,000
1,800
1,600
1,000
800
600
400
200
0
Unemployed claimants
Three month averages
Monthly figures
Vacancies at Jobcentres
Three month averages
Monthly figures
1985
1986
1987
1988
1989
1990

22 Regional unemployment rates [1]

Percentages

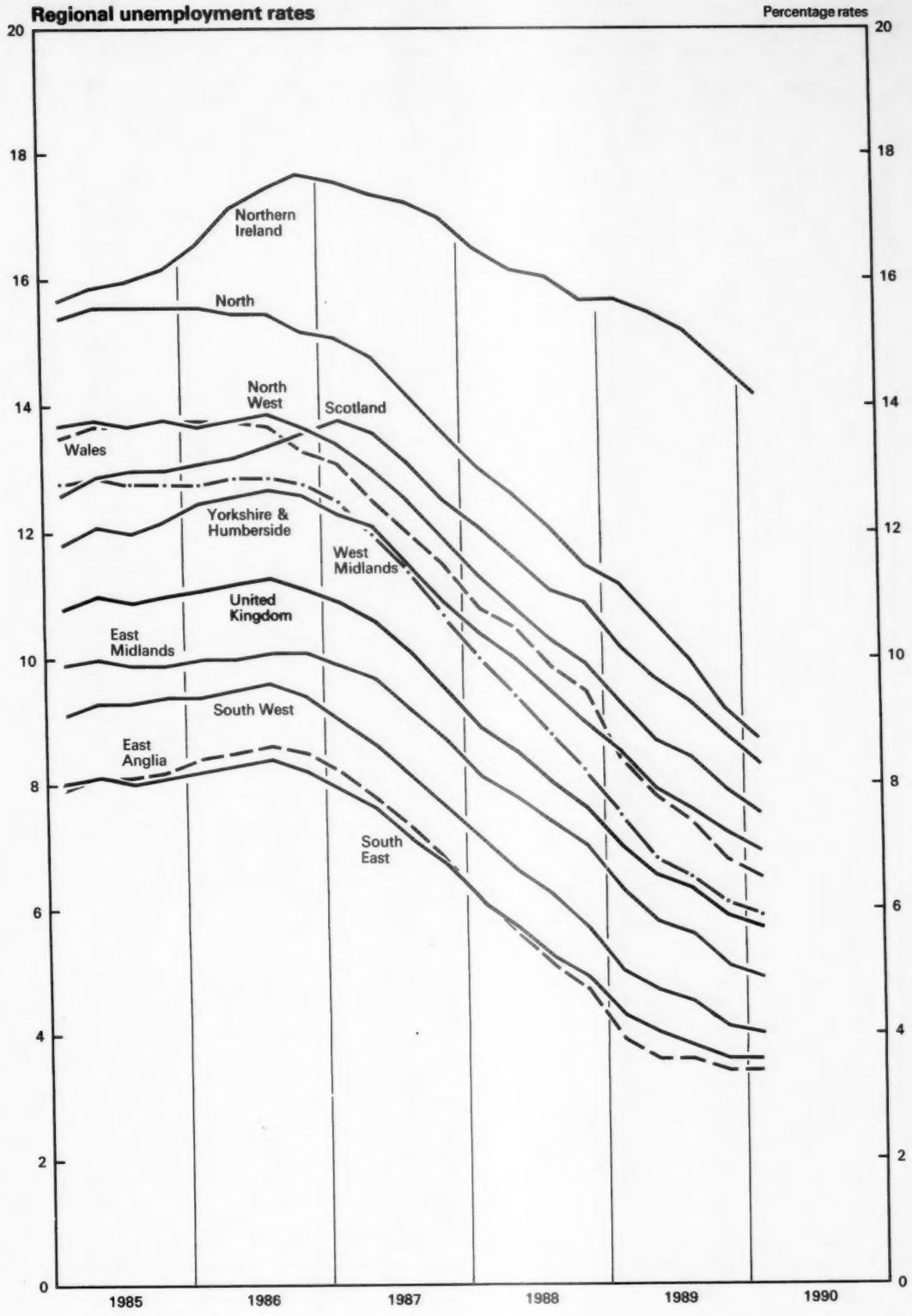
	North	Yorkshire and Humberside	East Midlands	East Anglia	South East	South West	West Midlands
	DPBH	DPBI	DPBJ	DPBK	DPBL	DPBM	DPBN
1984 Q2	15.0	11.5	9.7	7.8	7.6	8.8	12.6
Q3	15.3	11.7	9.9	7.9	7.8	9.0	12.7
Q4	15.6	12.0	10.1	8.0	7.9	9.3	12.9
1985 Q1	15.4	11.8	9.9	7.9	8.0	9.1	12.8
Q2	15.6	12.1	10.0	8.1	8.1	9.3	12.9
Q3	15.6	12.0	9.9	8.1	8.0	9.3	12.8
Q4	15.6	12.2	9.9	8.2	8.1	9.4	12.8
1986 Q1	15.6	12.5	10.0	8.4	8.2	9.4	12.8
Q2	15.5	12.6	10.0	8.5	8.3	9.5	12.9
Q3	15.5	12.7	10.1	8.6	8.4	9.6	12.9
Q4	15.2	12.6	10.1	8.5	8.2	9.4	12.8
1987 Q1	15.1	12.3	9.9	8.2	7.9	9.0	12.5
Q2	14.8	12.1	9.7	7.8	7.6	8.6	12.0
Q3	14.2	11.5	9.2	7.3	7.1	8.1	11.4
Q4	13.6	10.9	8.7	6.8	6.7	7.6	10.7
1988 Q1	13.0	10.4	8.1	6.1	6.1	7.1	10.0
Q2	12.6	10.0	7.8	5.6	5.7	6.6	9.4
Q3	12.1	9.5	7.4	5.1	5.2	6.2	8.8
Q4	11.5	9.1	7.0	4.7	4.9	5.7	8.2
1989 Q1	11.2	8.5	6.3	3.9	4.3	5.0	7.5
Q2	10.6	7.9	5.8	3.6	4.0	4.7	6.8
Q3	10.0	7.6	5.6	3.6	3.8	4.5	6.5
Q4	9.2	7.2	5.1	3.4	3.6	4.1	6.1
1990 Q1	8.7	6.9	4.9	3.4	3.6	4.0	5.9
Q2	8.5†	6.7†	4.9†	3.6†	3.6†	4.1†	5.8†

	North West	Wales	Scotland	Great Britain	Northern Ireland	United Kingdom
	DPBO	DPBP	DPBQ	DPAJ	DPBR	BCJE
1984 Q2	13.5	13.0	12.4	10.4	15.9	10.6
Q3	13.5	13.2	12.6	10.6	15.9	10.7
Q4	13.7	13.5	12.7	10.8	15.8	10.9
1985 Q1	13.7	13.5	12.6	10.7	15.7	10.8
Q2	13.8	13.7	12.9	10.8	15.9	11.0
Q3	13.7	13.7	13.0	10.8	16.0	10.9
Q4	13.8	13.8	13.0	10.9	16.2	11.0
1986 Q1	13.7	13.8	13.1	10.9	16.6	11.1
Q2	13.8	13.8	13.2	11.1	17.2	11.2
Q3	13.9	13.7	13.4	11.1	17.5	11.3
Q4	13.7	13.3	13.6	11.0	17.7	11.1
1987 Q1	13.4	13.1	13.8	10.7	17.6	10.9
Q2	13.0	12.5	13.6	10.4	17.4	10.6
Q3	12.5	12.0	13.1	9.9	17.3	10.1
Q4	11.9	11.5	12.5	9.3	17.0	9.5
1988 Q1	11.3	10.8	12.0	8.7	16.5	8.9
Q2	10.8	10.5	11.6	8.3	16.2	8.5
Q3	10.3	9.9	11.1	7.8	16.1	8.0
Q4	9.9	9.5	10.9	7.4	15.7	7.6
1989 Q1	9.3	8.4	10.2	6.8	15.7	7.0
Q2	8.7	7.8	9.7	6.3	15.5	6.5
Q3	8.4	7.4	9.3	6.0	15.2	6.3
Q4	7.9	6.8	8.8	5.7	14.7	5.9
1990 Q1	7.5	6.5	8.3	5.4	14.2	5.7
Q2	7.4†	6.3†	8.1†	5.4†	14.0†	5.6†

Note: Figures shown are at January, April, July and October respectively.

1 The seasonally adjusted figures now relate only to claimants aged 18 or over in order to maintain the consistent series, available back to 1971 (1974 for the regions), allowing for the effect of the change in benefit regulations for under 18 year olds from September 1988. (See page 660 of the December 1988 *Employment Gazette*. See also page 422 of the October 1986 edition for the list of previous discontinuities taken into account.) The denominators used to calculate unemployment rates are the sum of the appropriate mid-year estimates of employees in employment and the unemployed, the self-employed, HM Forces and participants in work-related government training programmes. Recent figures are based on mid-1988 estimates.

Source: Department of Employment


Regional unemployment rates
Percentage rates
20
18
16
14
12
10
8
6
4
2
0
Northern Ireland
North
North West
Scotland
Wales
Yorkshire & Humberside
West Midlands
United Kingdom
East Midlands
South West
East Anglia
South East
1985
1986
1987
1988
1989
1990

23 Average earnings[4]

	Average earnings (GB)[1]								Wages and salaries per unit of output 1985 = 100	
	Whole economy+	Underlying trend[2]	Production industries	Underlying trend[2]	Manufacturing industry	Underlying trend[2]	Service industries	Underlying trend[2]	Whole economy[3]	Manufacturing industry
1985=100										
	DNGA		DNGC		DNGE		DNGG		DJDO	DMBG
1984	92.2		89.8		91.7		94.0		94.8	94.4
1985	100.0		100.0		100.0		100.0		100.0	100.0
1986	107.9		108.0		107.7		107.7		105.5	104.2
1987	116.3		116.7		116.3		116.0		109.8	106.0
1988	126.4		126.5		126.2		126.2		117.3	108.9
1989	..		..		..		..		128.0	114.1
1986 Q1									103.9	104.9
Q2									105.3	104.2
Q3									106.0	104.0
Q4									106.9	103.6
1987 Q1									107.7	105.7
Q2									109.0	105.2
Q3									110.2	105.4
Q4									112.4	107.6
1988=100										
	DNAB		DNAF		DNAD		DNDV			
1988	100.0		100.0		100.0		100.0		117.3	108.9
1989	109.1		109.1		108.7		108.9		128.0	114.1
1988 Q1	97.2		96.5		96.8		97.4		114.3	107.6
Q2	98.5		99.4		99.2		98.6		116.1	109.3
Q3	100.5		100.7		100.5		100.1		117.8	108.3
Q4	103.8		103.4		103.3		103.9		121.1	110.3
1989 Q1	106.3		105.3		105.4		106.3		123.5	111.0
Q2	107.8		108.2		108.0		107.8		126.6	113.1
Q3	109.6		110.1		109.7		108.8		129.8	114.8
Q4	112.8		112.5		111.8		112.5		131.9	117.6
1990 Q1	116.0		115.1		114.8		115.7		..	119.7
		DNEM		DNEN		DNEO		DNDX		
1988 Jan	96.5	8.50	96.1	8.50	96.2	8.50	96.6	8.50	..	105.6
Feb	96.9	8.50	95.9	8.50	96.3	8.50	97.1	8.50	..	109.0
Mar	98.2	8.50	97.6	8.25	97.9	8.50	98.6	8.50	..	108.3
Apr	97.9	8.50	99.0	8.50	99.1	8.75	97.6	8.50	..	110.4
May	98.5	8.50	99.9	8.50	99.2	8.75	98.3	8.50	..	108.7
Jun	99.2	8.75	99.2	9.00	99.3	9.00	99.8	8.75	..	108.9
Jul	100.2	9.00	100.2	9.00	100.0	9.00	100.0	9.00	..	107.9
Aug	100.1	9.25	100.6	9.00	100.4	8.75	99.7	9.25	..	108.6
Sep	101.1	9.25	101.4	8.75	101.2	8.75	100.5	9.25	..	108.4
Oct	102.2	9.00	102.6	8.75	102.2	8.50	101.7	9.00	..	109.2
Nov	103.3	8.75	103.1	8.75	103.1	8.75	103.7	8.75	..	110.4
Dec	105.8	8.75	104.6	9.00	104.6	8.75	106.3	8.75	..	111.4
1989 Jan	105.4	9.00	104.6	8.75	104.7	8.75	105.5	9.00	..	110.1
Feb	106.1	9.25	105.6	8.75	105.8	8.50	105.6	9.25	..	111.3
Mar	107.3	9.50	105.8	8.75	105.6	8.75	107.8	9.50	..	111.7
Apr	107.4	9.25	108.0	8.75	108.2	8.50	107.3	9.25	..	112.8
May	107.6	9.00	108.5	8.75	107.9	8.75	107.5	9.00	..	112.8
Jun	108.4	8.75	108.2	8.75	108.0	8.50	108.7	8.50	..	113.8
Jul	109.1	8.75	109.5	9.00	109.2	8.50	108.4	8.25	..	114.1
Aug	108.9	8.75	110.0	9.25	109.3	8.75	107.8	8.50	..	114.2
Sep	110.9	9.00	110.8	9.00	110.5	8.75	110.3	8.75	..	116.0
Oct	112.2	9.25	111.8	9.25	111.0	9.00	112.2	9.00	..	116.5
Nov	112.8	9.25	112.2	9.00	111.6	8.75	112.7	9.25	..	117.9
Dec	113.5	9.25	113.5	9.00	112.9	8.50	112.7	9.00	..	118.4
1990 Jan	115.1	9.50	113.6	9.25	113.2	8.75	115.2	9.25	..	118.4
Feb	115.6	9.50	115.0	9.50	114.7	9.25	115.0	9.25	..	120.5
Mar	117.2	9.25	116.7	9.75	116.6	9.50	117.0	9.25	..	120.1

Note: For a detailed account of the revised Average Earnings Index based on 1988=100, please see the article in *Employment Gazette*, November 1989, p.606-612.

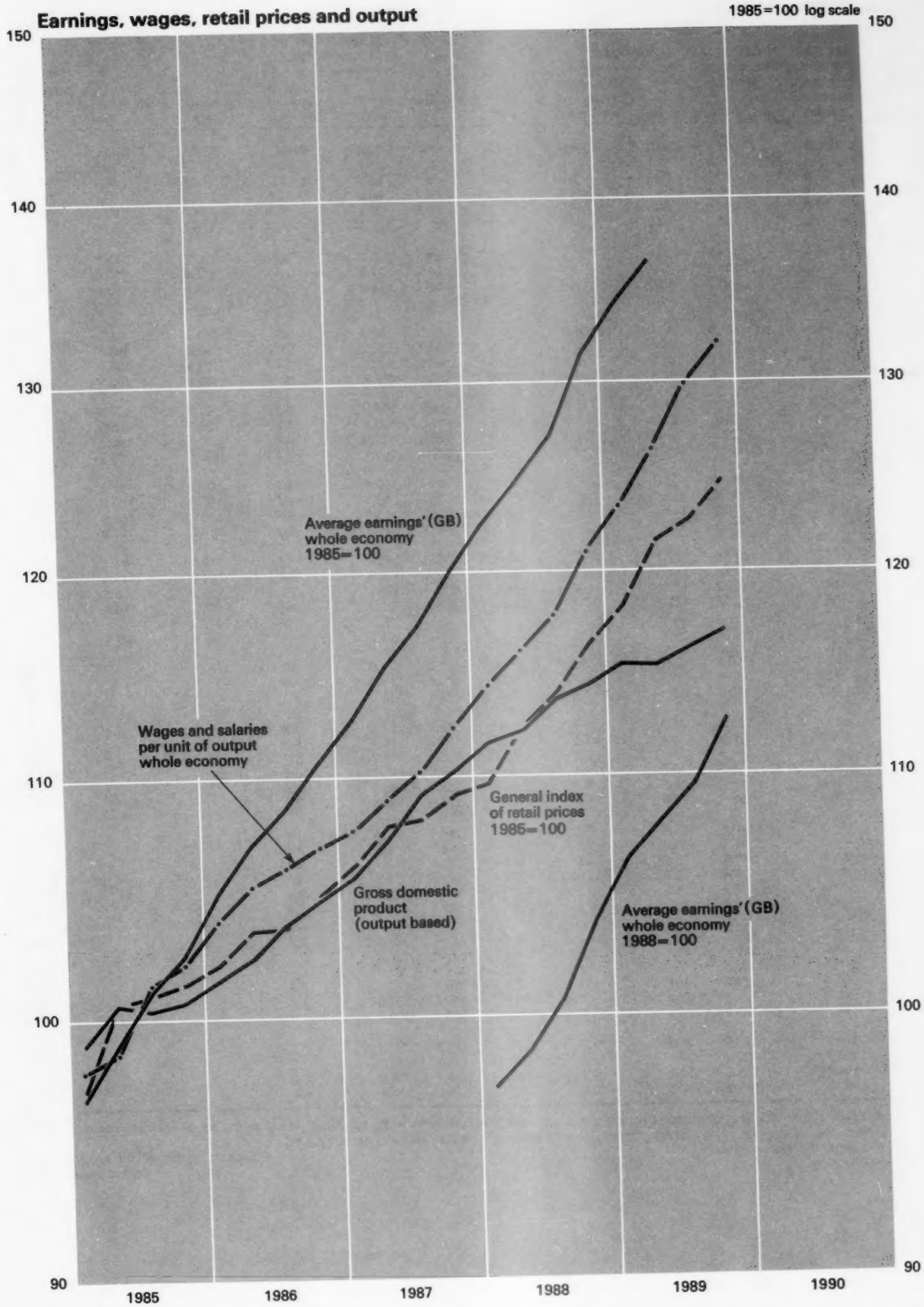
1 The seasonal adjustment factors currently used are based on data up to January 1988.

2 Estimated to the nearest quarter of one percentage point. For the derivation of recent underlying changes see 'Employment Topics' item in *Employment Gazette*, December 1989.

3 The method for calculating whole economy unit wage costs is described in *Employment Gazette*, May 1986.

4 Please note that the table on Average Earnings in *Economic Trends Annual Supplement* (Table 24), published earlier this year, failed to draw attention to the fact that the 1989 Q3 figures on the final page are affected by a change in base year. These figures are based on 1988=100 whereas all earlier figures are based on 1985=100.

Sources: Department of Employment; Central Statistical Office


Earnings, wages, retail prices and output
1985=100 log scale
150
140
130
120
110
100
90
Average earnings' (GB) whole economy 1985=100
Wages and salaries per unit of output whole economy
General index of retail prices 1985=100
Gross domestic product (output based)
Average earnings' (GB) whole economy 1988=100
1985
1986
1987
1988
1989
1990

24 Prices

1985 = 100

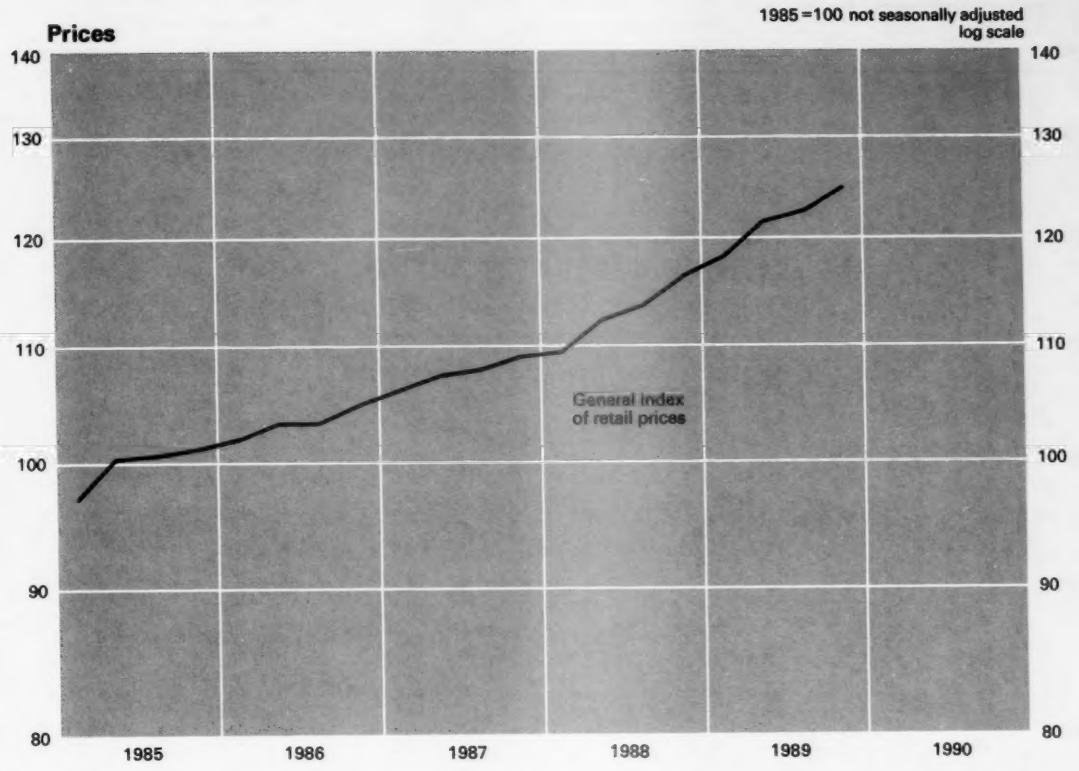
	Producer price index		General index of retail prices[1] (NSA)						Pensioner price index[2] (NSA)		
			All items				All items other than seasonal food				
	Materials and fuel purchased by manufacturing industry	Output: all manufactured products: home sales (NSA)	Index	Percentage increase on year earlier	Total food	Total non-food	Index	Percentage increase on year earlier	One-person household	Two-person household	Purchasing power of the pound[3] (NSA)
	DZDQ	DZCV	FRAG	FRAN	FRAH	FRAI	FRAK	FRAO	FRAL	FRAM	FJAK
1981	80.1	79.1	79.1	*11.9*	82.5	78.2	79.1	*11.9*	79.5	79.5	127
1982	86.0	85.2	85.9	*8.6*	89.0	85.1	85.8	*8.5*	86.9	86.7	117
1983	91.9	89.8	89.8	*4.6*	91.8	89.4	89.8	*4.7*	90.8	90.7	111
1984	99.0	95.0	94.3	*5.0*	97.0	93.6	94.1	*4.7*	95.4	95.3	106
1985	100.0	100.0	100.0	*6.1*	100.0	100.0	100.0	*6.3*	100.0	100.0	100
1986	92.4	104.3	103.4	*3.4*	103.3	103.5	103.3	*3.3*	103.2	103.2	97
1987	95.3	108.3	107.7	*4.2*	106.4	108.0	107.6	*4.1*	105.6	105.8	93
1988	98.4	113.2	113.0	*4.9*	110.1	113.6	112.9	*5.0*	109.5	109.8	88
1989	104.0	119.0	..	..	..	..	..	..	..	..	82
1986 Q1	94.5	102.8	102.1	*4.9*	102.1	102.0	102.0	*5.0*	102.2	102.1	98
Q2	91.7	104.2	103.4	*2.8*	103.9	103.2	103.1	*2.7*	103.4	103.3	97
Q3	90.4	104.6	103.5	*2.6*	103.5	103.5	103.4	*2.4*	103.4	103.4	97
Q4	92.9	105.5	104.8	*3.4*	103.6	105.1	104.8	*3.3*	103.8	103.9	95
1987 Q1	93.9	106.9	106.1	*3.9*	105.8	106.2	105.9	*3.8*	104.7	104.8	94
Q2	94.6	108.0	107.7	*4.2*	107.2	107.8	107.4	*4.1*	105.7	105.9	93
Q3	96.7	108.6	107.9	*4.3*	105.8	108.4	107.9	*4.4*	105.4	105.7	93
Q4	96.1	109.8	109.1	*4.1*	107.1	109.6	109.1	*4.1*	106.5	106.9	92
1988 Q1	95.6	111.0	109.6	*3.5*	108.9	109.9	109.4	*3.3*	107.4	107.8	91
Q2	98.0	112.6	112.3	*4.3*	110.1	112.7	112.1	*4.4*	109.2	109.5	89
Q3	100.1	113.9	113.8	*5.5*	109.9	114.6	113.9	*5.5*	110.0	110.3	88
Q4	99.8	115.2	116.2	*6.5*	111.3	117.2	116.4	*6.6*	113.3	111.6	86
1989 Q1	101.7	116.8	118.1	*7.7*	113.5	119.0	118.1	*7.9*	112.8	113.1	85
Q2	104.6	118.2	121.5	*8.2*	116.0	122.6	121.5	*8.4*	114.9	115.4	82
Q3	104.4	119.7	122.6	*7.7*	116.5	123.9	122.9	*7.8*	115.9	116.3	82
Q4	105.6	121.2	125.0	*7.6*	119.4	126.2	125.2	*7.6*	118.2	118.5	80
1990 Q1	104.7†	123.1	..	..	..	..	..	..	120.4	120.6	..
1988 Apr	96.4	112.2	111.9	*3.9*	109.9	112.2	111.6	*4.0*	..	..	89.0
May	97.9	112.6	112.3	*4.2*	110.2	112.6	112.0	*4.3*	..	..	89.0
Jun	99.7	113.0	112.7	*4.6*	110.3	113.1	112.6	*4.7*	..	..	89.0
Jul	100.7	113.5	112.8	*4.8*	109.5	113.5	112.9	*4.9*	..	..	89.0
Aug	100.1	113.9	114.1	*5.7*	109.9	114.8	114.1	*5.8*	..	..	88.0
Sep	99.4	114.3	114.6	*5.9*	110.3	115.5	114.8	*5.9*	..	..	87.0
Oct	99.2	114.9	115.8	*6.4*	110.4	116.9	115.9	*6.5*	..	..	86.0
Nov	99.9	115.2	116.3	*6.4*	111.3	117.4	116.5	*6.5*	..	..	86.0
Dec	100.4	115.4	116.6	*6.8*	112.1	117.5	116.7	*7.0*	..	..	86.0
1989 Jan	101.3	116.4	117.4	*7.5*	113.1	118.2	117.4	*7.6*	..	..	85.0
Feb	100.9	116.8	118.2	*7.8*	113.4	119.1	118.1	*8.0*	..	..	85.0
Mar	102.8	117.2	118.7	*7.9*	114.0	119.6	118.7	*8.1*	..	..	84.0
Apr	104.1	117.8	120.8	*8.0*	115.4	121.9	120.8	*8.2*	..	..	83.0
May	104.9	118.3	121.6	*8.3*	116.1	122.7	121.5	*8.5*	..	..	82.0
Jun	104.8	118.6	122.0	*8.3*	116.5	123.1	122.1	*8.4*	..	..	82.0
Jul	104.0	119.2	122.1	*8.2*	115.9	123.4	122.4	*8.4*	..	..	82.0
Aug	104.0	119.7	122.4	*7.3*	116.4	123.7	122.7	*7.5*	..	..	82.0
Sep	105.1	120.2	123.3	*7.6*	117.2	124.5	123.5	*7.6*	..	..	80.5
Oct	105.4	120.8	124.2	*7.3*	118.3	125.4	124.5	*7.4*	..	..	80.5
Nov	105.9	121.2	125.3	*7.7*	119.5	126.5	125.5	*7.8*	..	..	79.8
Dec	105.4	121.5	125.6	*7.7*	120.5	126.7	125.6	*7.7*	..	..	79.6
1990 Jan	104.7	122.5	126.3	*7.7*	122.1	127.2	126.3	*7.6*	..	..	79.2
Feb	103.7	123.0	127.1	*7.5*	123.2	128.0	127.0	*7.5*	..	..	78.7
Mar	105.7†	123.8	128.3	*8.1*	123.9	129.2	128.2	*8.0*	..	..	77.9
Apr	105.2	125.0	132.3	*9.4*	125.1	133.7	132.1	*9.4*	..	..	75.6

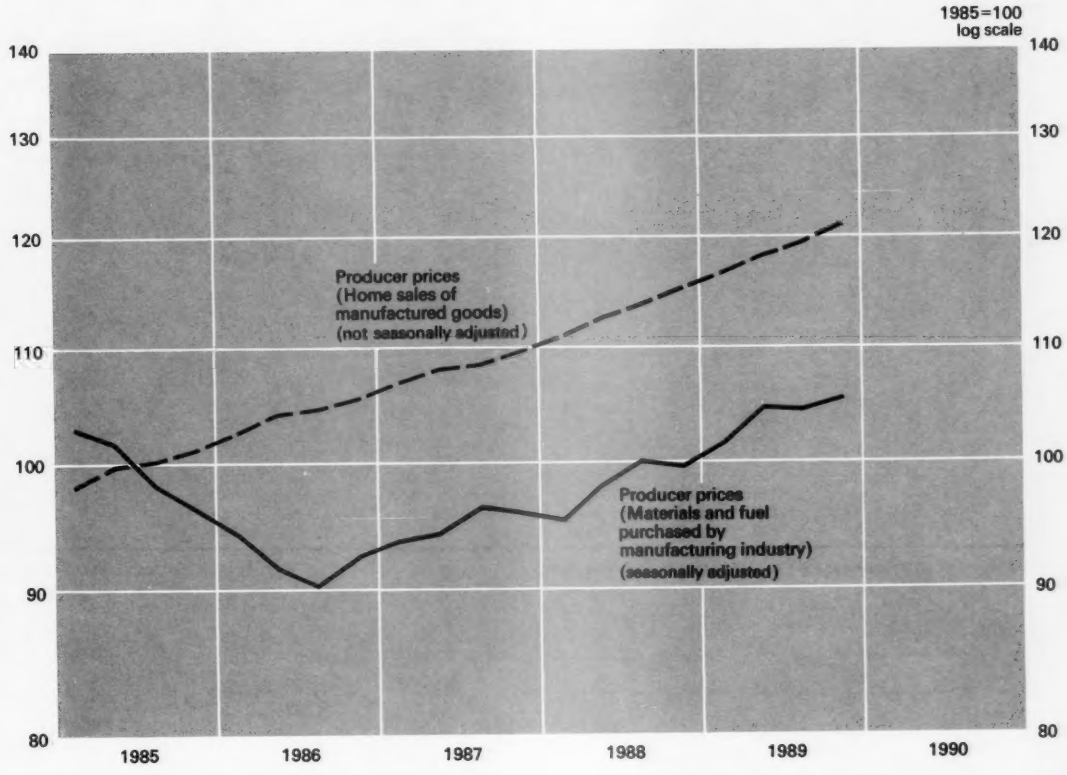
1 The index numbers given here are for comparative purposes only and should not be regarded as accurate to the last digit shown. The official Retail Prices Index series is shown in Table 1.

2 All items except housing.

3 Movements in the purchasing power of the pound are based on movements in the General index of retail prices.

Sources: Department of Trade and Industry; Central Statistical Office


Prices
1985=100 not seasonally adjusted
log scale
140
130
120
110
100
90
80
General index
of retail prices
1985
1986
1987
1988
1989
1990


1985=100
log scale
140
130
120
110
100
90
80
Producer prices
(Home sales of
manufactured goods)
(not seasonally adjusted)
Producer prices
(Materials and fuel
purchased by
manufacturing industry)
(seasonally adjusted)
1985
1986
1987
1988
1989
1990

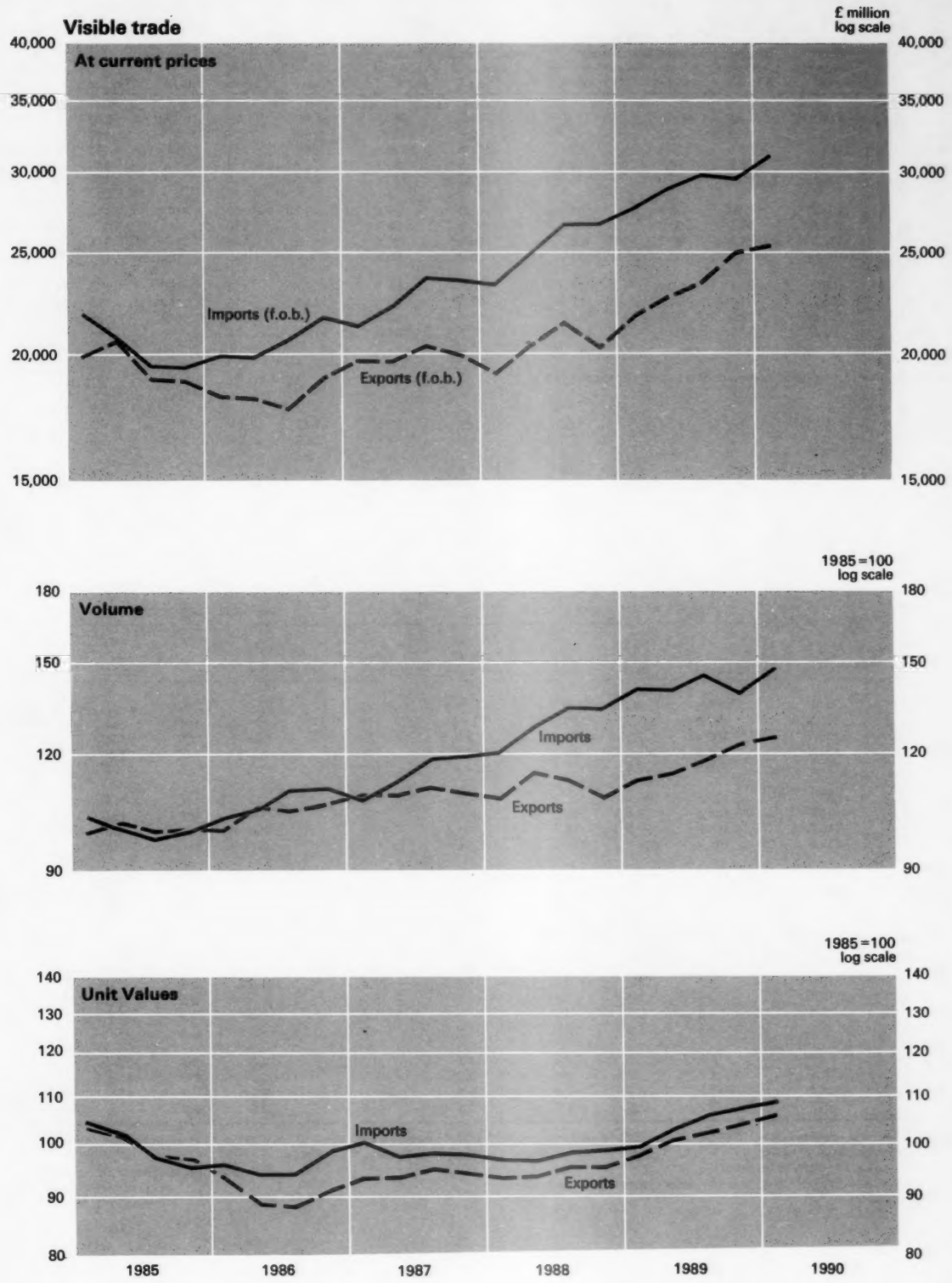
25 Visible trade (on a balance of payments basis)

1985 = 100

	Volume indices		Unit value indices (NSA)		
	Exports	Imports	Exports	Imports	Terms of trade[1]
	CGTR	CGTS	CGTO	CGTP	CGTQ
1982	85.6	80.1	81.4	79.9	101.9
1983	87.6	87.0	88.0	87.6	100.5
1984	94.7	96.9	95.0	95.3	99.6
1985	100.0	100.0	100.0	100.0	100.0
1986	104.0	107.1	90.4	95.7	94.5
1987	109.2	114.5	94.2	98.5	95.7
1988	110.9	129.8	94.5	97.6	96.8
1989	117.0	139.9	101.2	103.8	97.5
1987 Q2	107.3	112.4	93.9	97.8	96.1
Q3	110.2	117.9	95.1	98.2	96.8
Q4	109.9	119.9	94.4	97.8	96.5
1988 Q1	107.4	121.3	93.3	96.9	96.2
Q2	113.6	128.1	93.9	96.7	97.1
Q3	112.8	134.2	95.6	98.2	97.3
Q4	109.7	135.5	95.4	98.7	96.7
1989 Q1	112.8	140.5	97.8	99.4	98.4
Q2	113.5	140.2	100.8	102.7	98.1
Q3	117.2	141.0	102.2	105.4	97.0
Q4	124.4	138.0	103.9	107.5	96.6
1990 Q1	124.8	146.5†	105.5	108.7†	97.1†
1987 May	106.1	112.3	93.7	97.6	96.0
Jun	107.0	113.4	94.1	97.4	96.7
Jul	108.4	117.1	94.1	98.0	96.0
Aug	112.9	119.3	95.7	98.4	97.3
Sep	109.3	117.3	95.6	98.3	97.2
Oct	109.0	116.0	95.2	98.7	96.5
Nov	111.6	120.3	94.5	98.0	96.4
Dec	109.1	123.4	93.4	96.9	96.4
1988 Jan	107.6	117.0	92.8	96.3	96.3
Feb	106.1	121.9	93.6	97.2	96.3
Mar	108.6	124.9	93.4	97.3	96.0
Apr	114.9	124.6	94.1	96.8	97.3
May	111.4	127.8	93.8	96.6	97.2
Jun	114.6	131.9	93.8	96.7	97.0
Jul	110.6	136.8	94.9	98.0	96.9
Aug	112.9	132.1	96.2	98.0	98.2
Sep	114.9	133.7	95.7	98.8	96.9
Oct	108.0	136.1	95.0	98.9	96.1
Nov	109.7	135.1	94.9	98.6	96.3
Dec	111.3	135.2	96.2	98.5	97.6
1989 Jan	116.6	142.5	97.0	98.3	98.7
Feb	105.9	138.5	97.8	99.5	98.3
Mar	115.8	140.5	98.5	100.4	98.1
Apr	110.9	138.4	100.0	101.6	98.4
May	114.5	140.3	100.4	102.4	98.1
Jun	115.1	142.0	101.9	104.1	97.9
Jul	115.6	138.5	102.2	105.2	97.1
Aug	114.5	141.2	102.2	105.0	97.4
Sep	121.5	143.3	102.3	106.0	96.5
Oct	122.8	139.4	103.5	106.8	96.9
Nov	121.9	140.4	103.7	107.2	96.7
Dec	128.4	134.2	104.5	108.5	96.3
1990 Jan	125.3	150.2†	105.7	108.5	97.5†
Feb	124.3	139.5	105.8	108.9†	97.1
Mar	124.9†	149.8	105.1	108.6	96.8
Apr	128.2	148.5	105.7†	108.3	97.6

1 Unit value index for exports expressed as a percentage of unit value index for imports.

Source: Central Statistical Office.


Visible trade
£ million
log scale
At current prices
40,000
35,000
30,000
25,000
20,000
15,000
Imports (f.o.b.)
Exports (f.o.b.)
Volume
1985=100
log scale
180
150
120
90
Imports
Exports
Unit Values
1985=100
log scale
140
130
120
110
100
90
80
Imports
Exports
1985
1986
1987
1988
1989
1990

26 Measures of UK competitiveness in trade in manufactures

1985 = 100

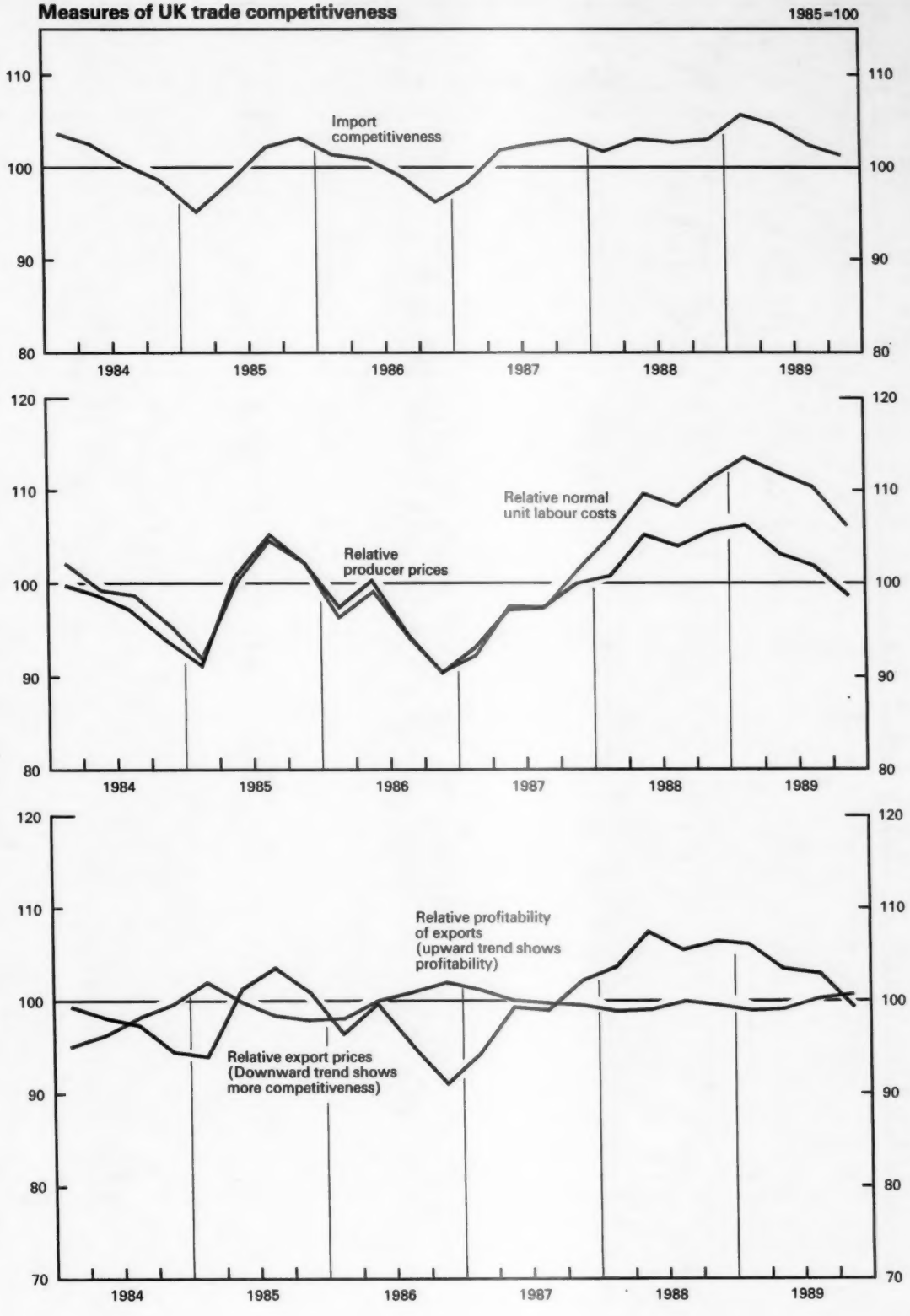
	Summary measures						Export unit value index[2]				
	Relative export prices[1]	Relative producer prices[1]	IMF index of relative unit labour costs[2] Actual	IMF index of relative unit labour costs[2] Normalised	Import price competitiveness[3]	Relative profitability of exports[3]	United Kingdom	United States	Japan	France	Federal Republic of Germany
	FLAA	FLAB	FLAC	FLAD	FLAE	FLAF	FLAG	FLAH	FLAI	FLAJ	FLAK
1986	95.7	95.7	92.9	95.2	99.6	100.7	115.5	103	121	117	133
1987	98.9	96.9	90.3	97.1	101.8	100.5	134.6	106	131	136	156
1988	105.8	103.9	98.7	108.8	102.9	99.7	151.5	111	146	141	159
1989	106.5†	102.5	97.4	110.7	103.9	100.1	146.5	114	145	139	157
1988 Q1	103.7	100.9	96.8	105.1	102.0	99.2	149.7	107	144	145	162
Q2	107.6	105.1	100.3	109.9	103.3	99.3	155.2	110	146	144	161
Q3	105.5	104.0	97.3	108.5	103.0	100.3	145.8	114	143	135	151
Q4	106.6	105.8	100.3	111.8	103.2	99.9	155.2	115	150	141	163
1989 Q1	106.3	106.3	101.1	113.9	106.1	99.1	152.7	113	150	140	158
Q2	103.7	103.1	98.3	112.0	105.0	99.5	144.6	115	144	135	151
Q3	103.0	102.0	97.2	110.6	102.7	100.8	144.4	114	142	136	154
Q4	99.6†	98.8	92.9	106.4	101.7	100.9	144.4	114	144	144	163
1990 Q1	..	..	..	..	102.7†	100.4†	153.4†	..	..	..	..
Percentage change, quarter on corresponding quarter of previous year											
1988 Q1	*9.7*	*8.7*	*11.4*	*14.2*	*3.6*	*-2.5*	*19.2*	*2.9*	*14.3*	*9.0*	*5.2*
Q2	*8.1*	*8.2*	*10.7*	*12.9*	*1.0*	*-1.1*	*15.6*	*4.8*	*11.5*	*5.9*	*4.5*
Q3	*6.5*	*6.8*	*8.2*	*11.6*	*0.1*	*0.2*	*9.3*	*6.5*	*8.3*	*0.7*	*-1.3*
Q4	*4.0*	*5.7*	*6.7*	*9.8*	*-0.1*	-	*6.9*	*8.5*	*9.5*	*-0.7*	-
1989 Q1	*2.5*	*5.4*	*4.4*	*8.4*	*4.0*	*-0.1*	*2.0*	*5.6*	*4.2*	*-3.4*	*-2.5*
Q2	*-3.6*	*-1.9*	*-2.0*	*1.9*	*1.6*	*0.2*	*-6.8*	*4.5*	*-1.4*	*-6.3*	*-6.2*
Q3	*-2.4*	*-1.9*	*-0.1*	*1.9*	*-0.3*	*0.5*	*-1.0*	-	*-0.7*	*0.7*	*2.0*
Q4	*-6.6*†	*-6.6*	*-7.4*	*-4.8*	*-1.5*	*1.0*	*-7.0*	*-0.9*	*-4.0*	*2.1*	-
1990 Q1	..	..	..	..	*-3.2*†	*1.3*†	*0.5*†	..	..	..	..

	Producer price index[2]					Unit labour costs index[2]				
	United Kingdom	United States	Japan	France	Federal Republic of Germany	United Kingdom[4]	United States	Japan	France	Federal Republic of Germany
	FLAL	FLAM	FLAN	FLAO	FLAP	FLAQ	FLAR	FLAS	FLAT	FLAU
1986	117.9	97.8	131.2	129.9	131.5	118	101	146	131	140
1987	136.9	100.4	147.5	152.6	154.7	133	100	165	151	174
1988	155.3	104.9	165.2	156.6	160.3	148	100	177	148	178
1989	150.1	110.0	157.5	150.2	154.4	142	102	165†	139	166†
1988 Q1	153.5	102.8	165.1	162.3	166.3	148	100	177	154	186
Q2	159.9	104.4	168.1	160.8	164.3	153	100	180	152	183
Q3	148.8	105.8	159.0	148.5	151.1	142	100	169	139	166
Q4	159.0	106.8	168.7	154.9	159.6	149	101	181	145	176
1989 Q1	157.3	108.7	165.1	150.3	155.5	149	102	173	138	169
Q2	148.3	110.4	157.7	146.4	149.9	139	101	164†	134	163
Q3	147.1	110.1	154.1	147.6	150.9	139	102	161	137	161
Q4	147.7	110.8	152.9	156.5	161.3	140	103	162	145	172†
Percentage change, quarter on corresponding quarter of previous year										
1988 Q1	*20.9*	*4.2*	*18.6*	*9.4*	*10.2*	*17.5*	*-1.0*	*10.6*	*2.0*	*8.8*
Q2	*17.1*	*4.5*	*13.4*	*5.8*	*7.2*	*15.9*	-	*6.5*	*1.3*	*7.0*
Q3	*9.9*	*4.8*	*9.4*	*-1.0*	-	*9.2*	*1.0*	*5.0*	*-5.4*	*-2.4*
Q4	*7.1*	*4.8*	*7.5*	*-3.1*	*-2.3*	*4.9*	*1.0*	*6.5*	*-7.1*	*-3.8*
1989 Q1	*2.5*	*5.7*	-	*-7.4*	*-6.5*	*0.7*	*2.0*	*-2.3*	*-10.4*	*-9.1*
Q2	*-7.3*	*5.7*	*-6.2*	*-9.0*	*-8.8*	*-9.2*	*1.0*	*-8.9*†	*-11.8*	*-10.9*
Q3	*-1.1*	*4.1*	*-3.1*	*-0.6*	*-0.1*	*-2.1*	*2.0*	*-4.7*	*-1.4*	*-3.0*
Q4	*-7.1*	*3.7*	*-9.4*	*1.0*	*1.1*	*-6.0*	*2.0*	*-10.5*	-	*-2.3*†

1 Figures are base weighted using 1985 export data. Downwards movements indicate greater competitiveness.
2 All the indices are in terms of US dollars.
3 Excludes erratics (ships, North Sea installations, aircraft, precious stones and silver bullion).
4 The method for calculating whole economy unit wage costs is described in *Employment Gazette*, May 1986.

Sources: Department of Trade and Industry; Department of Employment; International Monetary Fund

Measures of UK trade competitiveness



27 Balance of payments: current account

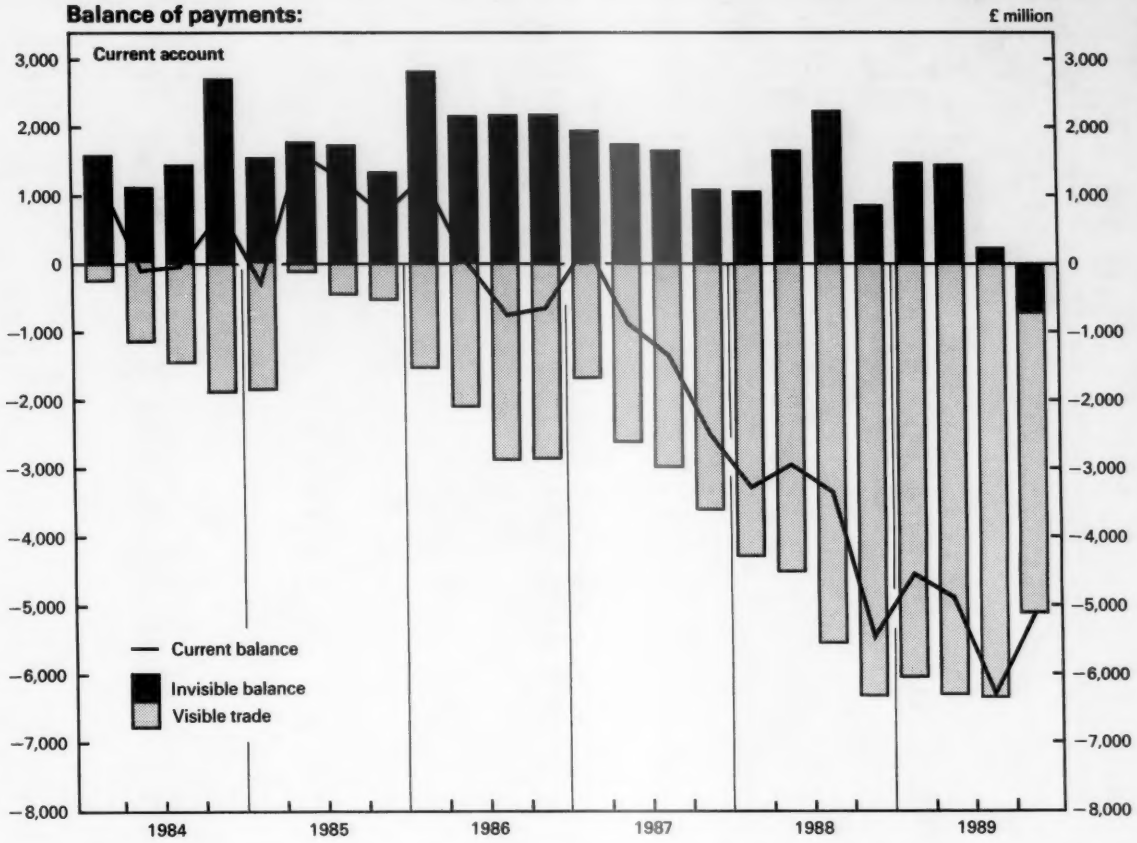
£ million

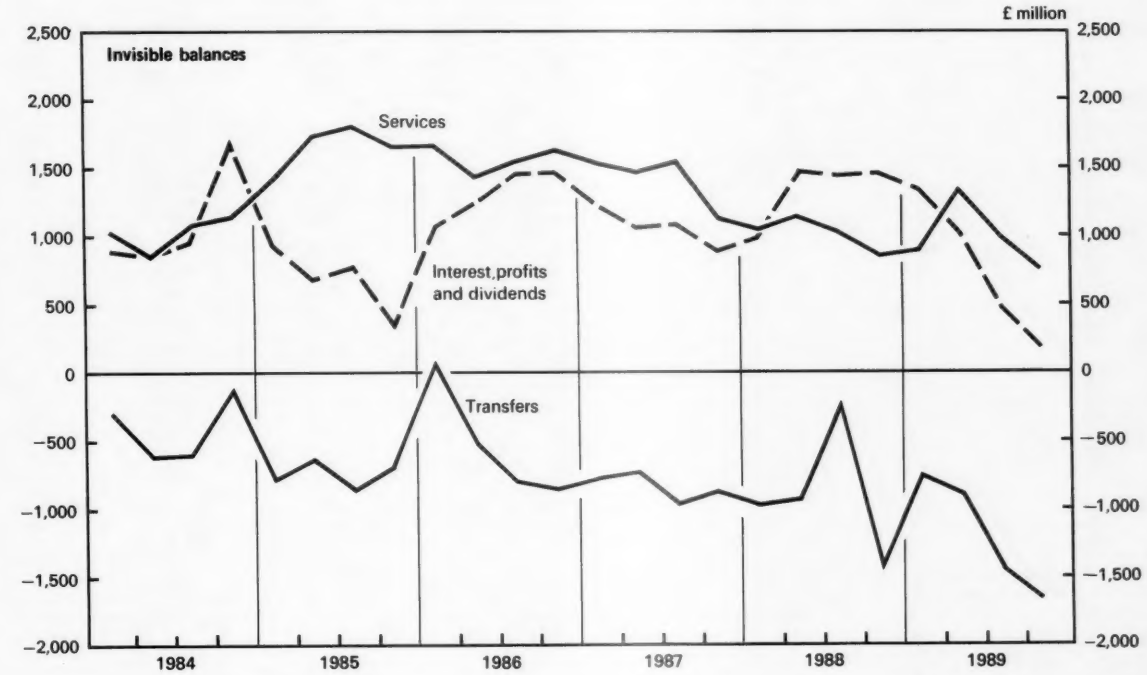
	Visible trade			Invisibles						
						Balances				
	Exports (f.o.b.)+	Imports (f.o.b.)+	Balance	Credits	Debits	Services	IPD	Transfers	Total[1]	Current balance
	CGKG	CGHK	AIMA	CGKR	CGHT	AIMC	AIMD	AIME	AIMB	AIMF
1979	40 471	43 814	-3 343	33 330	30 535	3 799	1 205	-2 210	2 794	-549
1980	47 149	45 792	1 357	41 249	39 809	3 653	-228	-1 984	1 441	2 798
1981	50 668	47 416	3 252	57 322	53 933	3 715	1 222	-1 547	3 390	6 642
1982	55 331	53 421	1 910	65 412	62 714	2 971	1 468	-1 741	2 698	4 608
1983	60 700	62 207	-1 507	65 887	60 584	3 995	2 893	-1 585	5 303	3 796
1984	70 265	75 432	-5 167	77 665	70 542	4 339	4 518	-1 734	7 123	1 956
1985	77 991	81 119	-3 128	80 583	74 290	6 606	2 721	-3 034	6 293	3 165
1986	72 656	82 019	-9 363	77 464	68 142	6 250	5 228	-2 157	9 321	-42
1987	79 446	90 350	-10 904	79 806	73 297	5 664	4 248	-3 402	6 510	-4 394
1988	80 772	101 587	-20 815	88 571	82 774	4 020	5 346	-3 570	5 796	-15 019
1989	92 526	115 638	-23 112	108 530	106 268	3 980	3 008	-4 727	2 261	-20 851
1985 Q2	20 488	20 650	-162	20 456	18 692	1 732	682	-650	1 764	1 602
Q3	18 897	19 385	-488	19 595	17 899	1 801	769	-874	1 696	1 208
Q4	18 736	19 314	-578	18 939	17 645	1 668	324	-698	1 294	716
1986 Q1	18 191	19 714	-1 523	19 274	16 464	1 677	1 066	67	2 810	1 287
Q2	17 950	20 030	-2 080	18 876	16 738	1 449	1 233	-544	2 138	58
Q3	17 620	20 515	-2 895	19 418	17 240	1 520	1 461	-803	2 178	-717
Q4	18 895	21 760	-2 865	19 896	17 700	1 604	1 468	-877	2 195	-670
1987 Q1	19 686	21 366	-1 680	19 792	17 823	1 524	1 211	-766	1 969	289
Q2	19 470	22 092	-2 622	20 049	18 271	1 476	1 061	-759	1 778	-844
Q3	20 345	23 344	-2 999	20 249	18 608	1 544	1 079	-982	1 641	-1 358
Q4	19 945	23 548	-3 603	19 716	18 595	1 120	897	-895	1 122	-2 481
1988 Q1	19 171	23 460	-4 289	20 750	19 725	1 024	989	-988	1 025	-3 264
Q2	20 330	24 926	-4 596	21 714	20 053	1 122	1 474	-935	1 661	-2 935
Q3	20 864	26 457	-5 593	22 854	20 614	1 017	1 434	-211	2 240	-3 353
Q4	20 407	26 744	-6 337	23 253	22 382	857	1 449	-1 436	870	-5 467
1989 Q1	21 733	27 770	-6 037	25 866	24 388	897	1 320	-739	1 478	-4 559
Q2	22 506	28 841	-6 335	27 173	25 728	1 327	1 006	-888	1 445	-4 890
Q3	23 314	29 673	-6 359	26 742	26 690	993	492	-1 434	51	-6 308
Q4	24 973	29 354	-4 381	28 749	29 462	763	190	-1 666	-713	-5 094
1990 Q1	25 335†	30 806†	-5 471†	..	..	..	..	..	-	-5 590
1988 Apr	6 848	8 084	-1 236	..	..	..	..	..	554	-682
May	6 652	8 277	-1 625	..	..	..	..	..	553	-1 072
Jun	6 830	8 565	-1 735	..	..	..	..	..	554	-1 181
Jul	6 782	8 992	-2 210	..	..	..	..	..	747	-1 463
Aug	6 998	8 686	-1 688	..	..	..	..	..	746	-942
Sep	7 084	8 779	-1 695	..	..	..	..	..	747	-948
Oct	6 662	9 013	-2 351	..	..	..	..	..	290	-2 061
Nov	6 784	8 915	-2 131	..	..	..	..	..	290	-1 841
Dec	6 961	8 816	-1 855	..	..	..	..	..	290	-1 565
1989 Jan	7 441	9 327	-1 886	..	..	..	..	..	493	-1 393
Feb	6 871	9 116	-2 245	..	..	..	..	..	492	-1 753
Mar	7 421	9 327	-1 906	..	..	..	..	..	493	-1 413
Apr	7 172	9 325	-2 153	..	..	..	..	..	482	-1 671
May	7 629	9 599	-1 970	..	..	..	..	..	481	-1 489
Jun	7 705	9 917	-2 212	..	..	..	..	..	482	-1 730
Jul	7 677	9 685	-2 008	..	..	..	..	..	17	-1 991
Aug	7 541	9 919	-2 378	..	..	..	..	..	17	-2 361
Sep	8 096	10 069	-1 973	..	..	..	..	..	17	-1 956
Oct	8 138	9 820	-1 682	..	..	..	..	..	-238	-1 920
Nov	8 115	9 897	-1 782	..	..	..	..	..	-237	-2 019
Dec	8 720	9 637	-917	..	..	..	..	..	-238	-1 155
1990 Jan	8 503†	10 504†	-2 001†	..	..	..	..	..	-	-2 001†
Feb	8 433	9 817	-1 384	..	..	..	..	..	-	-1 384
Mar	8 399	10 485	-2 086	..	..	..	..	..	-	-2 086
Apr	8 673	10 453	-1 780	..	..	..	..	..	.†	-1 780

1 Monthly data is one third of the appropriate calendar quarter's estimate or projection.

Source: Central Statistical Office

Balance of payments:





28 Sterling exchange rates and UK official reserves

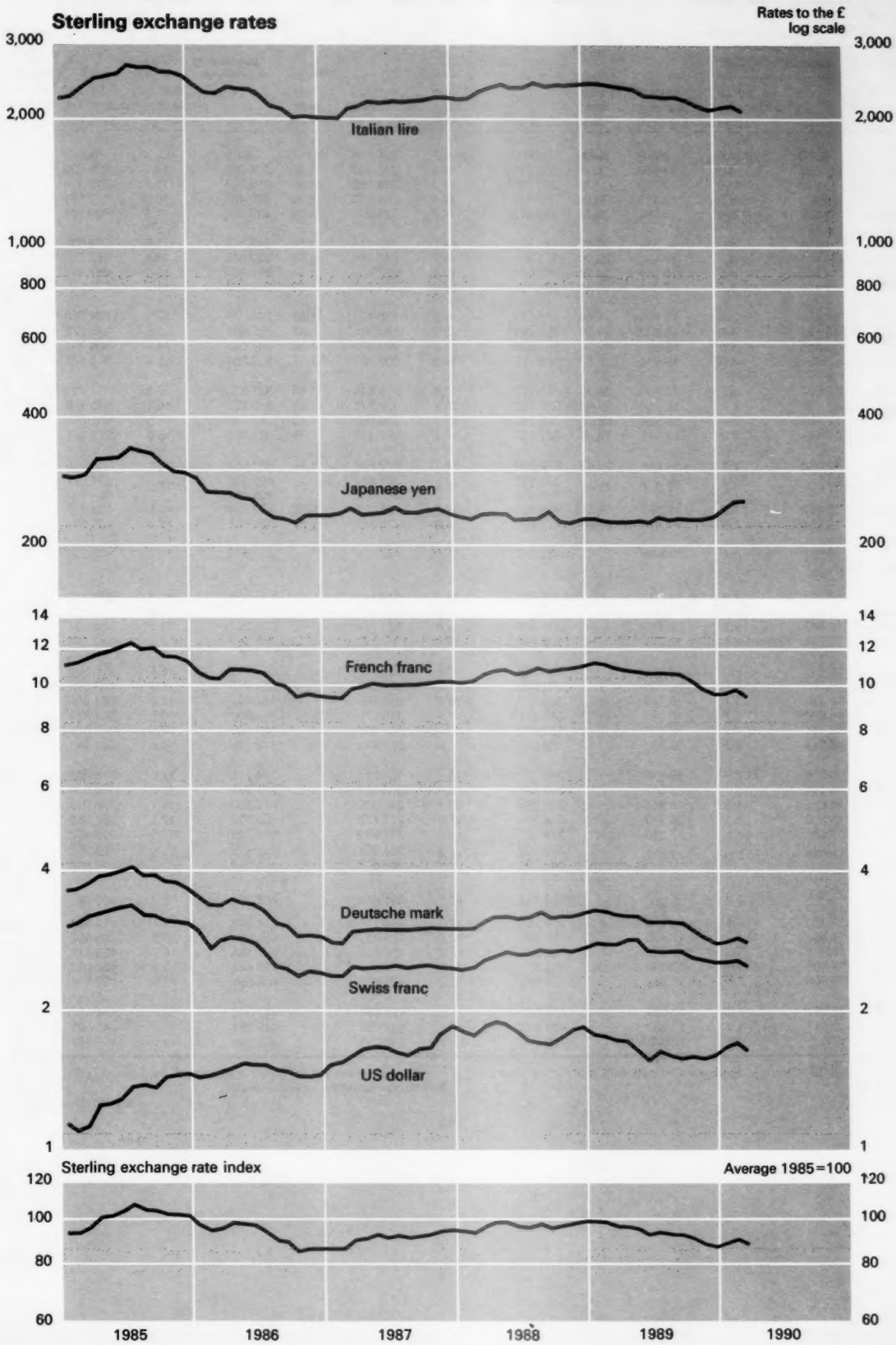
Not seasonally adjusted

	Sterling exchange rate against major currencies[1]						UK official reserves[2] at end of period ($ million)	Sterling exchange rate index (average 1985=100)
	Japanese yen	US dollar	Swiss franc	French franc	Italian lira	Deutsche-mark		
	AJFO	AJFA	AJFD	AJFE	AJFF	AJFH	AIPI	AJHV
1981	444.57	2.0254	3.9691	10.9353	2 288	4.556	23 347	119.0
1982	435.21	1.7489	3.5481	11.4851	2 364	4.243	16 997	113.7
1983	359.89	1.5158	3.1820	11.5469	2 302	3.870	17 817	105.3
1984	316.80	1.3364	3.1291	11.6365	2 339	3.790	15 694	100.6
1985	307.08	1.2976	3.1550	11.5495	2 463	3.784	15 543	100.0
1986	246.80	1.4672	2.6350	10.1569	2 186	3.183	21 923	91.5
1987	236.50	1.6392	2.4394	9.8369	2 123	2.941	44 326	90.1
1988	227.98	1.7796	2.6030	10.5969	2 315	3.124	51 685	95.5
1989	225.66	1.6383	2.6780	10.4476	2 247	3.079	38 645	92.6
1985 Q3	328.10	1.3758	3.2339	11.9532	2 603	3.920	14 176	104.6
Q4	297.64	1.4356	3.0644	11.3248	2 514	3.711	15 543	101.4
1986 Q1	270.79	1.4391	2.8488	10.3829	2 303	3.382	18 750	95.0
Q2	256.40	1.5090	2.8132	10.7712	2 322	3.387	19 188	96.1
Q3	232.27	1.4891	2.5146	10.1009	2 140	3.109	22 426	90.2
Q4	229.22	1.4304	2.3783	9.3934	1 986	2.868	21 923	85.1
1987 Q1	236.20	1.5431	2.3848	9.4501	2 015	2.837	27 039	86.7
Q2	234.14	1.6410	2.4484	9.8908	2 134	2.964	34 364	90.4
Q3	237.82	1.6184	2.4670	9.9197	2 152	2.974	34 808	90.5
Q4	237.69	1.7535	2.4565	10.0821	2 188	2.989	44 326	92.7
1988 Q1	230.03	1.7972	2.4733	10.1923	2 221	3.013	47 519	93.5
Q2	231.18	1.8390	2.6114	10.6374	2 334	3.142	48 519	96.6
Q3	226.76	1.6951	2.6525	10.7159	2 349	3.165	50 482	95.2
Q4	224.05	1.7915	2.6755	10.8460	2 356	3.175	51 685	96.7
1989 Q1	224.37	1.7477	2.7624	10.9948	2 370	3.233	46 931	97.1
Q2	224.29	1.6259	2.7548	10.6306	2 287	3.140	43 665	93.6
Q3	227.17	1.5971	2.6486	10.3854	2 212	3.071	42 876	91.7
Q4	226.77	1.5849	2.5479	9.7891	2 119	2.876	38 645	88.1
1990 Q1	245.05	1.6565	2.4938	9.4982	2 078	2.800	39 295	88.1
1987 Aug	235.70	1.5975	2.4575	9.9034	2 149	2.967	34 365	90.0
Sep	235.56	1.6462	2.4703	9.9548	2 155	2.981	34 808	90.9
Oct	238.05	1.6621	2.4825	9.9964	2 164	2.992	41 399	91.4
Nov	240.34	1.7754	2.4531	10.1314	2 200	2.986	41 281	93.2
Dec	234.67	1.8273	2.4325	10.1226	2 201	2.987	44 326	93.6
1988 Jan	229.90	1.7981	2.4241	10.0461	2 189	2.977	43 093	92.8
Feb	226.97	1.7578	2.4462	10.0760	2 196	2.983	42 927	92.2
Mar	232.94	1.8324	2.5407	10.4256	2 272	3.072	47 519	95.3
Apr	234.43	1.8765	2.5967	10.6503	2 329	3.138	47 857	97.2
May	233.21	1.8694	2.6378	10.7196	2 353	3.166	48 533	97.6
Jun	226.52	1.7790	2.6001	10.5517	2 320	3.124	48 519	95.3
Jul	226.87	1.7042	2.6126	10.5953	2 328	3.144	49 826	94.7
Aug	227.09	1.6983	2.6895	10.8558	2 373	3.207	50 639	96.1
Sep	226.31	1.6833	2.6536	10.6910	2 344	3.142	50 482	94.8
Oct	223.87	1.7382	2.6744	10.7879	2 354	3.160	50 048	95.7
Nov	222.71	1.8090	2.6532	10.8030	2 350	3.162	51 040	96.6
Dec	225.71	1.8282	2.7013	10.9541	2 365	3.207	51 685	97.7
1989 Jan	225.78	1.7748	2.7695	11.0940	2 386	3.256	51 705	97.9
Feb	223.89	1.7541	2.7614	11.0494	2 376	3.245	51 683	97.3
Mar	223.43	1.7146	2.7562	10.8435	2 350	3.199	46 931	95.9
Apr	224.67	1.7022	2.8014	10.7562	2 333	3.181	47 256	95.4
May	224.69	1.6295	2.8181	10.7274	2 307	3.172	46 087	94.3
Jun	223.57	1.5532	2.6519	10.4239	2 227	3.072	43 665	91.1
Jul	228.26	1.6244	2.6471	10.4244	2 223	3.074	43 631	92.3
Aug	225.40	1.5955	2.6487	10.3821	2 208	3.074	43 208	91.6
Sep	227.94	1.5715	2.6501	10.3499	2 206	3.065	42 876	91.3
Oct	225.69	1.5882	2.5894	10.0567	2 174	2.963	39 681	89.7
Nov	225.65	1.5724	2.5452	9.7825	2 113	2.877	38 767	87.9
Dec	229.30	1.5957	2.5031	9.4871	2 063	2.776	38 645	86.5
1990 Jan	239.48	1.6523	2.5046	9.5095	2 084	2.793	38 448	87.9
Feb	246.99	1.6962	2.5236	9.6533	2 110	2.843	38 537	89.6
Mar	248.86	1.6246	2.4560	9.3460	2 042	2.769	39 295	87.0
Apr	259.21†	1.6374†	2.4330†	9.2758†	2 028†	2.761†	39 028†	87.1†

1 Average of daily Telegraphic Transfer rates in London.

2 Apart from transactions, the level of official reserves is affected by changes in the dollar valuation of gold, Special Drawing Rights and convertible currencies. Since end-March 1979 these rates have been revised annually. These valuation changes are described in detail in the description of Table 10.3 in the *Financial Statistics Explanatory Handbook*, where the values of the annual changes are also shown.

Sources: Bank of England; HM Treasury


Sterling exchange rates
Rates to the £
log scale
3,000
2,000
1,000
800
600
400
200
Italian lire
Japanese yen
14
12
10
8
6
4
2
1
French franc
Deutsche mark
Swiss franc
US dollar
Sterling exchange rate index
Average 1985=100
120
100
80
60
1985
1986
1987
1988
1989
1990

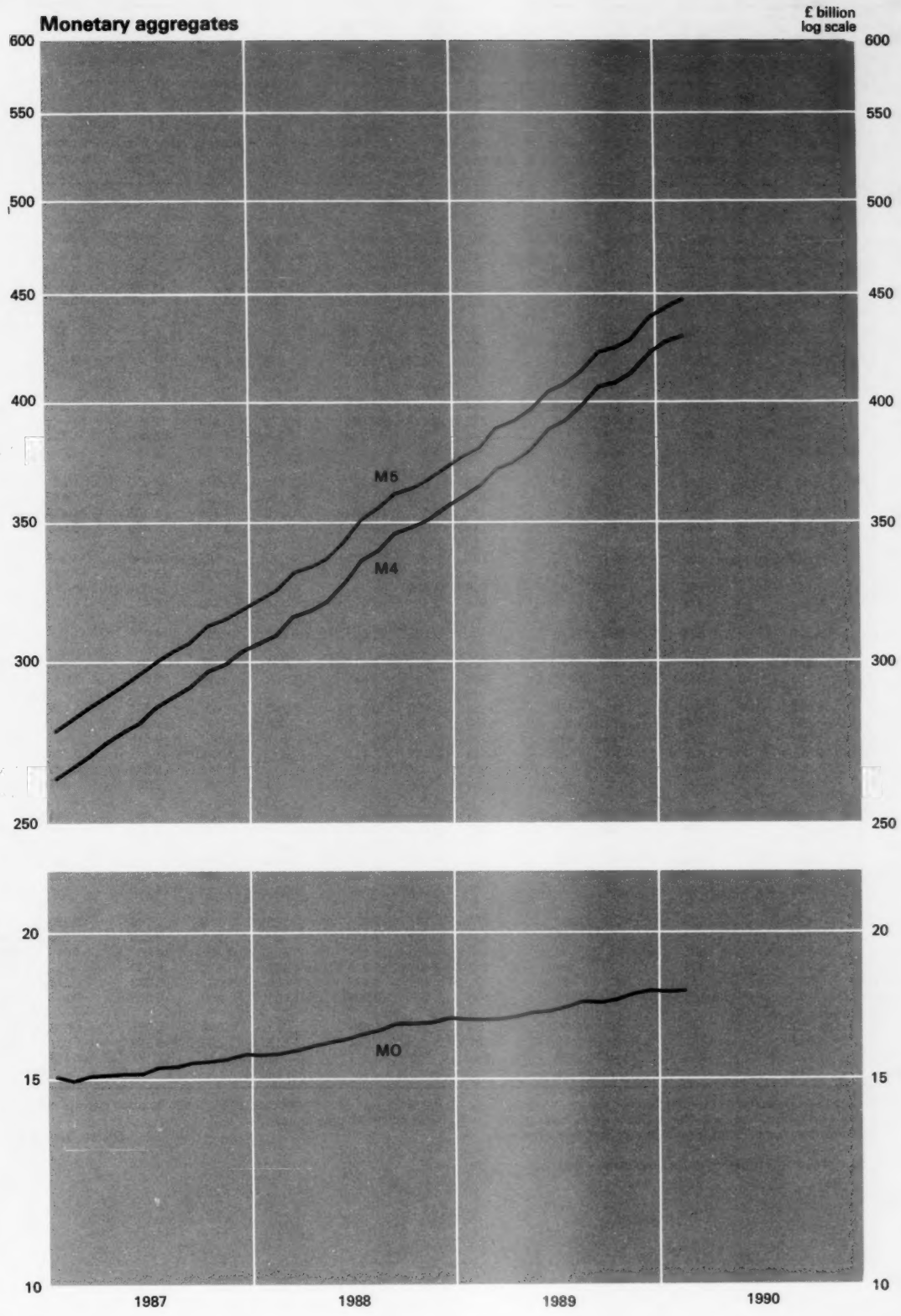
29 Monetary aggregates[1]

	M0+				M4+				M5			
	Amount outstanding[2] (NSA)		Amount outstanding (£ million)	Velocity of circulation: ratio	Amount outstanding (NSA)		Amount outstanding (£ million)	Velocity of circulation: ratio	Amount outstanding (NSA)		Amount outstanding (£ million)	Velocity of circulation: ratio
	£ million	Annual percentage change			£ million	Annual percentage change			£ million	Annual percentage change		
	AVAD	AVAK	AVAE	AVAM	AUYM	AUZP	AUYN	AUYU	AVEE	AUZV	AJWB	AUYY
1986	14 665	*4.0*	14 599	26.15	261 073	*15.4*	261 543	1.56	276 203	14.7	276 629	1.47
1987	15 338	*4.6*	15 289	27.42	303 755†	*16.3*	303 980†	1.49	319 209†	15.8	319 428†	1.41
1988	16 402	*6.9*	16 322	28.62	357 232	*17.6*	357 473	1.42	372 466	16.6	372 661	1.35
1989	17 334	*5.9*	17 254	29.56	422 975	*18.2*	423 092	1.31	439 861	17.9	439 931	1.26
1986 Q1	14 255	*4.0*	14 358	25.87	235 823	*14.5*	236 112	1.60	249 515	13.5	249 885	1.51
Q2	14 464	*3.0*	14 490	26.00	245 852	*15.7*	245 666	1.56	259 885	14.8	259 722	1.48
Q3	14 782	*4.0*	14 649	26.26	252 988	*15.8*	252 895	1.54	267 639	15.0	267 446	1.46
Q4	15 159	*5.1*	14 898	26.46	261 073	*15.4*	261 543	1.53	276 203	14.7	276 629	1.44
1987 Q1	14 808	*3.9*	15 010	26.64	270 139	*14.1*	270 467	1.51	284 173	13.5	284 586	1.43
Q2	15 131	*4.6*	15 133	27.23	281 119†	*13.9*	280 361†	1.49	295 893†	13.6	295 173†	1.42
Q3	15 519	*5.0*	15 384	27.74	291 932	*14.9*	291 772	1.48	307 042	14.4	306 791	1.41
Q4	15 894	*4.9*	15 628	28.07	303 755	*16.3*	303 980	1.47	319 209	15.8	319 428	1.40
1988 Q1	15 622	*5.5*	15 788	28.36	315 477	*16.8*	315 848	1.45	331 330	16.6	331 789	1.38
Q2	16 107	*6.4*	16 135	28.46	328 245	*16.8*	327 770	1.43	343 585	16.1	343 149	1.36
Q3	16 708	*7.6*	16 559	28.71	346 219	*18.7*	346 060	1.40	362 107	18.0	361 865	1.34
Q4	17 169	*8.0*	16 808	28.96	357 232	*17.6*	357 473	1.39	372 466	16.6	372 661	1.33
1989 Q1	16 732	*7.1*	16 848	29.42	372 299	*18.1*	372 669	1.36	387 552	17.1	388 010	1.31
Q2	17 001	*5.7*	17 077	29.62	389 159 389 104	*18.5*	388 657 388 602	1.33	405 459 405 404	18.0	404 997 404 942	1.28
Q3	17 539	*5.3*	17 382	29.51	406 995	*17.3*	406 835	1.29	423 734	16.8	423 492	1.24
Q4	18 064	*5.5*	17 710	29.68	422 975	*18.2*	423 092	1.27	439 861	17.9	439 931	1.22
1990 Q1	17 627†	*5.7†*	17 838†	..	438 340	*17.5†*	438 709	..	454 840	17.1†	455 298	..
Calendar month												
1988 Mar	15 751	*6.4*	15 882	..	315 477	*16.8*	315 848	..	331 330	16.6	331 789	..
Apr	16 025	*5.9*	16 044	..	317 302	*16.0*	318 372	..	332 693	15.6	333 688	..
May	16 048	*5.7*	16 115	..	321 460	*16.0*	321 714	..	336 857	15.4	337 094	..
Jun	16 247	*7.7*	16 245	..	328 245	*16.8*	327 770	..	343 585	16.1	343 149	..
Jul	16 599	*7.0*	16 410	..	336 298	*17.4*	335 273	..	351 878	16.8	350 930	..
Aug	16 733	*7.8*	16 524	..	338 853	*17.3*	338 904	..	354 465	16.6	354 583	..
Sep	16 793	*8.1*	16 743	..	346 219	*18.7*	346 060	..	362 107	18.0	361 865	..
Oct	16 692	*7.7*	16 755	..	348 812†	*17.3*	348 579†	..	364 630†	16.7	364 324†	..
Nov	16 774	*7.9*	16 788	..	351 722	*17.7*	351 703	..	367 593	17.1	367 636	..
Dec	18 040	*8.5*	16 880	..	357 232	*17.6*	357 473	..	372 466	16.6	372 661	..
1989 Jan	16 876	*7.9*	16 879	..	359 407	*18.1*	361 311	..	374 775	17.3	376 863	..
Feb	16 504	*6.6*	16 810	..	362 341	*18.6*	365 585	..	377 492	17.8	380 992	..
Mar	16 815	*6.8*	16 854	..	372 299	*18.1*	372 669	..	387 552	17.1	388 010	..
Apr	16 825	*5.0*	16 973	..	374 344	*17.9*	375 403	..	390 279	17.3	391 265	..
May	17 088	*6.5*	17 110	..	379 751	*18.1*	379 979	..	395 725	17.5	395 938	..
Jun	17 089	*5.5*	17 148	..	389 159 389 104	*18.5*	388 657 388 602	..	405 459 405 404	18.0	404 997 404 942	..
Jul	17 408 17 410	*5.2*	17 219 17 221	..	392 499	*16.5*	391 415	..	408 991	16.0	407 985	..
Aug	17 703	*6.1*	17 475	..	398 156	*17.3*	398 141	..	414 543	16.7†	414 597	..
Sep	17 504	*4.5*	17 450	..	406 995	*17.3*	406 835	..	423 734	16.8	423 492	..
Oct	17 521	*5.3*	17 582	..	409 703	*17.2*	409 426	..	426 164	16.7	425 815	..
Nov	17 666	*5.6*	17 695	..	414 174	*17.5*	414 055	..	430 641	16.9	430 583	..
Dec	19 006	*5.6*	17 852	..	422 975	*18.2*	423 092	..	439 861	17.9	439 931	..
1990 Jan	17 764	*5.6*	17 803	..	426 235	*18.4*	427 974	..	442 546	17.9	444 467	..
Feb	17 518	*6.4*	17 837	..	428 789	*18.1*	431 834	..	445 207	17.7	448 507	..
Mar	17 600†	*5.0†*	17 873†	..	438 340	*17.5†*	438 709	..	454 840	17.1	455 298	..

1 A fuller range of monetary aggregates is published monthly in *Financial Statistics*.

2 The monthly figures for M0 give the average of the amounts outstanding each Wednesday during the calendar month.

Source: Bank of England


Monetary aggregates
£ billion
log scale
600
550
500
450
400
350
300
250
M5
M4
20
15
10
M0
1987
1988
1989
1990

30 Counterparts to changes in money stock M4[1]

£ million, not seasonally adjusted

	Public Sector Borrowing Requirement	Purchases by the M4[2] private sector of: Central government debt: British government stocks	Central government debt: Other	Other public sector debt	External and foreign currency financing of public sector: Purchase of British government stocks by overseas sector	External and foreign currency financing of public sector: Other	Banks' and Building Societies' sterling lending to the M4 private sector	External and foreign currency transactions of UK banks and building societies	Net non-deposit sterling liabilities of the banks and building societies	Domestic counterparts	External and foreign currency counterparts	M4
	1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*
	ABEN	AVBY	AVBU	AVBV	-AARC	AQGA	AVBS	AVBW	AVBX	AVBN	AVBP	AUZI
1986	2 485†	-4 794	-2 128†	933	-2 182	152	47 086†	-935†	-5 942†	43 613†	-2 956†	34 715
1987	-1 434	-2 107†	-2 667	843†	-4 349	11 525	53 348	-5 011	-7 411	47 950	1 952	42 491†
1988	-11 598	4 094	-1 062	631	-560	4 179	82 014	-11 773	-12 271	74 078	-8 436	53 371
1989	-9 092	12 108	637	108	1 552	-5 424	88 395	-11 559	-11 772	92 104	-15 276	65 056
1986 Q1	-1 904	-558	-24	161	-72	385	11 124	810	323	8 815	1 123	10 261
Q2	2 514†	-1 054	-815	1 025	-768	373	10 409	1 135	-2 786	12 077	741	10 032
Q3	3 565	-1 523	-881	-215	-552	-455	10 616	-1 038	-2 202	11 560	-2 033	7 325
Q4	-1 690	-1 659	-408†	-38	-790	-151	14 937†	-1 842†	-1 277†	11 161†	-2 787†	7 097
1987 Q1	-831	665	-646	209	-654	1 347	10 775	186	-2 258	10 139	810	8 691
Q2	1 412	-1 408	-1 008	105	-1 125	4 023	12 970	-876	-2 823	12 071	1 875	11 123†
Q3	454	1 434	-555	371	-2 365	261	14 746	-2 360	-1 148	16 450	-4 432	10 870
Q4	-2 469	-2 798†	-458	158†	-205	5 894	14 857	-1 961	-1 182	9 290	3 699	11 807
1988 Q1	-2 801	-648	-455	-129	-608	1 641	18 251	-2 771	-974	14 219	-1 621	11 624
Q2	-1 687	871	-197	211	-523	657	21 727	-4 780	-3 407	20 924	-4 643	12 874
Q3	-2 108	1 427	-460	204	127	1 093	22 424	276	-4 754	21 485	1 420	18 151
Q4	-5 002	2 444	50	345	444	788	19 612	-4 498	-3 136	17 450	-3 592	10 722
1989 Q1	-5 687	4 658	246	-2	199	-223	21 775	-4 043	-1 592	20 990	-4 065	15 333
Q2	-41	3 636	-516	171	1 143	-2 111	20 094	-1 112	-4 834	23 312	-1 936	16 542
Q3	-503	3 188	576	122	-556	-639	26 054	-6 818	-4 011	29 321	-8 007	17 303
Q4	-2 861	626	331	-183	766	-2 451	20 472	414	-1 335	18 481	-1 268	15 878
1990 Q1	-4 529	834	369	-218	..	123†	22 680	-3 320	-1 958	19 079	-1 724	15 397
1988 May	-574†	646	70†	-241†	155	256	5 481	-479	-1 158	5 381	-68	4 155
Jun	65	913	-177	158	-405	91	9 851	-2 759	-899	10 810	-3 073	6 838
Jul	-1 605	1 127†	-274	179	-186	603	9 078	743	-1 602	8 505	1 160	8 063
Aug	-1 585	522	-71	120	-192	485	4 478	368	-1 565	3 464	661	2 560
Sep	1 082	-222	-115	-95	429	5	8 868	-835	-1 587	9 516	-401	7 528
Oct	-2 155	1 825	-33	51	-154	453	6 435	-2 473	-1 363†	6 123	-2 174	2 586†
Nov	-384	698	-135	-108	68	431	5 325	-1 672	-1 313	5 396	-1 173	2 910
Dec	-2 463	-79	218	402	204	-96	7 852	-353	-460	5 931	-245	5 226
1989 Jan	-6 926	667	-13	-153	-291	756	7 407	-1 031	1 758	982	-566	2 174
Feb	-1 012	2 969	154	186	-49	-464	4 490	-2 521	-657	6 786	-3 034	3 095
Mar	2 251	1 022	105	-35	541	-515	9 878	-491	-2 693	13 222	-465	10 064
Apr	-890	813	-102	-155	821	32	4 961	-2 553	-1 256	4 616†	-1 700	1 660
May	140	1 077	-76	282	175†	-595	6 042	190	-1 824	7 454	-230†	5 400
Jun	709	1 746	-338	44	291	-1 548	9 091†	1 251†	-1 754	11 242	-6	9 482
Jul	-1 439	529	-25	253	-279	184	7 858	-3 125	-1 239	7 145	-3 220	2 686
Aug	743	2 034	272	-163	-834	-343	6 784	-1 791	-991	9 616	-2 968	5 657
Sep	193	625	329	32	563	-480	11 412	-1 902	-1 781	12 560	-1 819	8 960
Oct	-2 767	1 634	-3	64	-118	-2 101	5 070	1 432	-628	4 132	-787	2 717
Nov	394	140	306	86	281	-488	4 436	485	-1 067	5 263	278	4 474
Dec	-488	-1 148	28	-333	606	138	10 966	-1 503	360	9 086	-759	8 687
1990 Jan	-5 260	746	103	20	39	781	5 425	253	1 098	1 085	1 073	3 256
Feb	-995	337	-84	-	587	-150†	6 584	-1 818	-1 885	5 823	-1 381	2 557
Mar	1 726	-249	350	-238	847	-508	10 671	-1 755	-1 171	12 171	-1 416	9 584
Apr	2 118	..	..	..	..	..	..	..	..	..	..	..

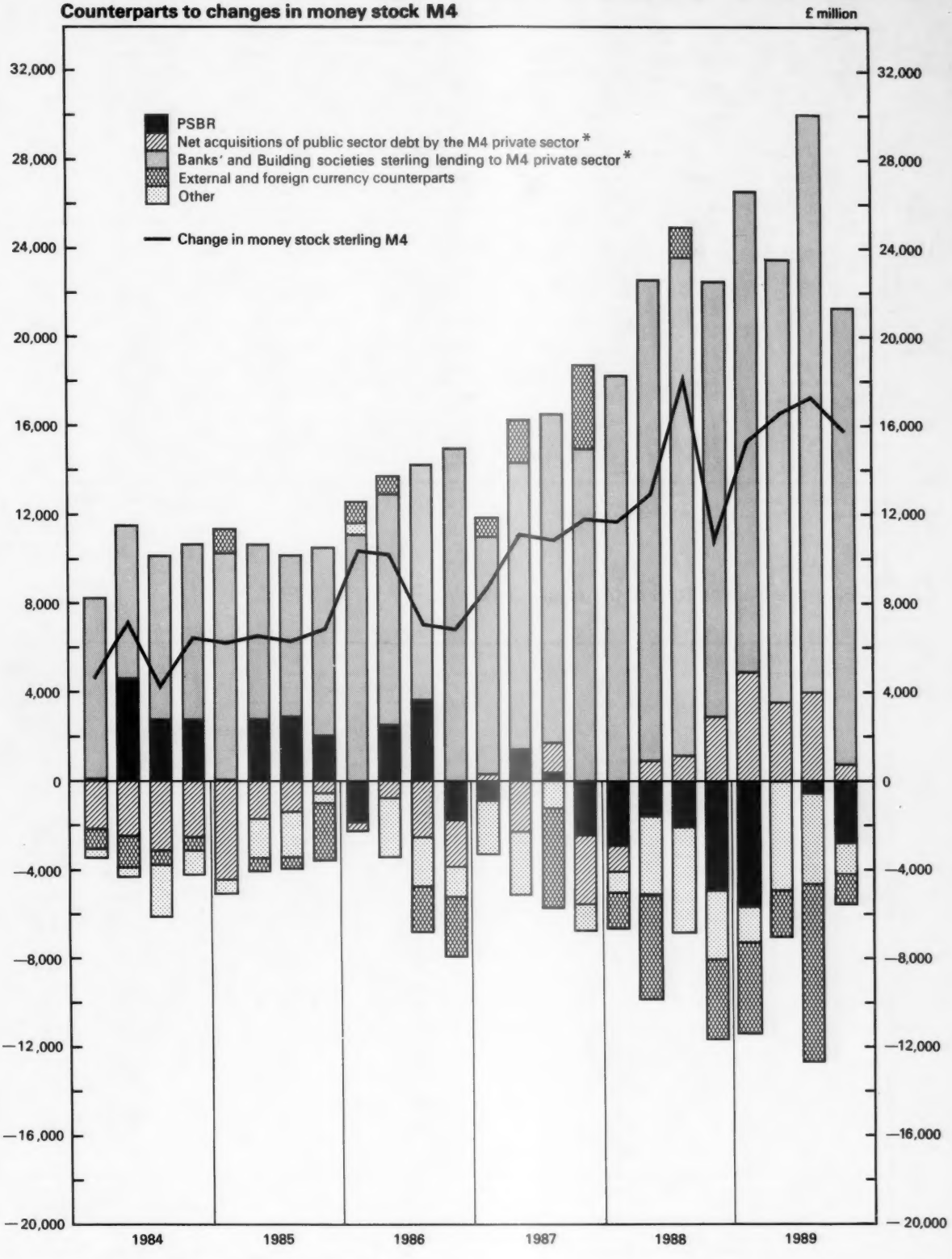
For most periods the relationships between the columns are as follows: 10 = 1+2+3+4+7; 11 = 5+6+8; 12 = 9+10+11. Due to the inclusion of the latest PSBR information, the figures for more recent periods may not add exactly.

1 A wider range of figures is published monthly in *Financial Statistics*.

2 The M4 private sector comprises all UK residents other than the public sector, banks and building societies.

Source: Bank of England

Counterparts to changes in money stock M4



* Private sector other than banks and building societies.

31 General government receipts and expenditure

£ million, not seasonally adjusted

	General government									
	Receipts[1]		Expenditure							
			Goods and services		Current and capital transfers					
	Taxes, social security contributions and community charge.	Trading income, rent, royalties, interest, etc.	Final consumption	Gross domestic capital formation	Current grants and subsidies	Capital transfers	Debt interest	Net lending etc[2]	Total	Public expenditure planning total
	ABKA	ABKB	AAXI	ABKC	ABKD	AAYG	AAXL	ABAA	ABAB	ABAZ
1987	156 301	13 492	85 338	6 600	61 906	3 139	17 748	-6 395	168 336	138 859
1988	173 771	13 534	91 679	5 598	63 113	3 716	18 043	-5 155	176 994	145 066†
1989	188 009	14 468	98 496	8 249	66 608	3 834	18 664	-1 443†	194 408†	160 520
1986 Q4	38 114	3 245	20 106	1 428	15 199	733	3 869	-2 240	39 095	33 199
1987 Q1	40 215	3 521	21 261	2 526	15 559	978	5 199	-523	45 000	36 063
Q2	35 001	3 241	20 910	1 023	15 545	623	3 591	-3 103	38 589	32 880
Q3	39 450	3 215	21 166	1 448	15 357	773	4 972	-1 579	42 135	34 338
Q4	41 635	3 515	22 001	1 605	15 445	765	3 986	-1 190	42 612	35 578
1988 Q1	45 816	3 577	23 011	2 769	16 370	1 014	5 114	640	48 918	39 917
Q2	38 932	3 250	22 376	971	15 516	642	3 692	-2 856	40 341	33 634
Q3	42 626	3 318	22 506	805	14 950	1 237	4 938	-1 631	42 805	34 390
Q4	46 397	3 389	23 786	1 053	16 277	823	4 299	-1 308	44 930	37 125†
1989 Q1	49 097	3 928	24 556	2 866	16 085	1 149	5 097	394†	50 147†	40 337
Q2	42 485	3 211	24 050	1 117	16 587	735	4 031	-1 498	45 022	37 963
Q3	45 785	3 422	24 531	1 828	16 905	991	5 134	38	49 427	40 630
Q4	50 642	3 907	25 359	2 438	17 031	959	4 402	-377	49 812	41 590

1 Excluding financial transactions.
2 Net lending to public corporations, private sector and overseas; company securities.

Source: Central Statistical Office

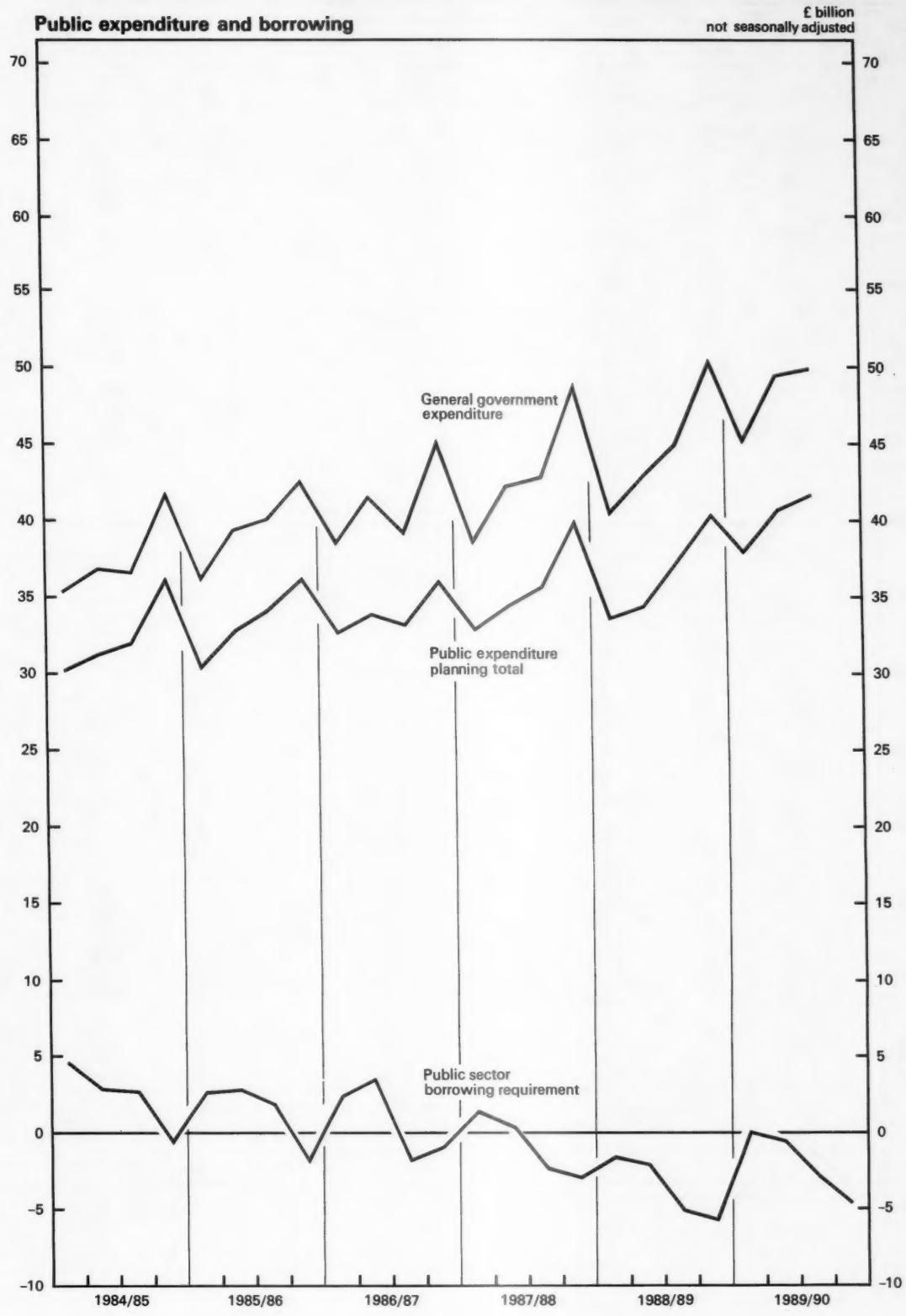
32 Financial transactions of the public sector[1]

£ million, not seasonally adjusted

	Financial deficit[2]				Receipts						
					Borrowing requirement[5]						
	General government[3]	Public corporations	Total	Net lending etc, to private sector and overseas[4]	Central government (own account[6])	Local authorities	Public corporations+	Total	Seasonally adjusted total[7]	Other financial transactions (net receipts)	Total
	1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*
	-AABC	-AABD	-AABE	ABKG	ABEB	ABEG	ABEM	ABEN	ABFB	ABKI	ABKH
1987	4 938	-1 381	3 557	-6 049	-925	804	-1 313†	-1 434†	-1 467	-1 025†	-2 492
1988	-5 156	-1 374	-6 530	-5 996	-10 294	607	-1 911	-11 598	-11 599	-927	-12 526
1989	-6 626	-966	-7 592	-3 059†	-9 521†	624†	-195	-9 092	-9 118†	-1 612	-10 651†
1987 Q2	3 450	-514	2 936	-2 434	1 739	138	-465	1 412	90	-910†	502
Q3	1 049	-25	1 024	-1 696	364	304	-214	454	-174	-1 126	-672
Q4	-1 348	-837	-2 185	-1 325	-1 972	-429	-68	-2 469	-1 619	-1 041	-3 510
1988 Q1	-1 115	-52	-1 167	16	-3 415	1 342	-728†	-2 801†	-1 454	1 649	-1 151
Q2	1 015	-289	726	-2 717	-1 516	144	-315	-1 687	-2 674	-303	-1 991
Q3	-1 508	-232	-1 740	-2 222	-1 738	-160	-210	-2 108	-3 324	-1 852	-3 962
Q4	-3 548	-801	-4 349	-1 073	-3 625	-719	-658	-5 002	-4 147	-421	-5 422
1989 Q1	-3 272	-53	-3 325	-459†	-6 031	1 114	-770	-5 687	-4 229	1 903	-3 784†
Q2	824	-74	750	-1 726	906	-694†	-253	-41	-1 058†	-977	-976
Q3	182	-205	-23	-485	-1 501	179	819	-503	-1 562	-24	-508
Q4	-4 360	-634	-4 994	-389	-2 895†	25	9	-2 861	-2 269	-2 514	-5 383
1990 Q1	..	..	..	..	-1 858	1 739	-4 410	-4 529	-3 577	..	..
1990 Feb	..	..	..	..	-925†	728†	-798†	-995†	..	..	..
Mar	..	..	..	..	4 598	871	-3 743	1 726	..	..	..
Apr	..	..	..	..	255	1 643	220	2 118	..	..	..

The relationships between the columns are as follows: 1 + 2 = 3; 3 + 4 = 11; 5 + 6 + 7 = 8; 8 + 10 = 11.
1 Due to the inclusion of the latest PSBR figures this table may not be internally consistent.
2 The excess of current and capital expenditure over receipts.
3 Table 31, columns 3 to 7 *less* columns 1 and 2.
4 including company securities. Lending is shown positively; repayment is shown negatively.
5 Redefined: see article in *Economic Trends*, No. 364, February 1984.
6 Excluding borrowing matched by on-lending to local authorities and public corporations.
7 Calendar year constrained.

Source: Central Statistical Office


Public expenditure and borrowing
£ billion
not seasonally adjusted
70
65
60
55
50
45
40
35
30
25
20
15
10
5
0
-5
-10
General government expenditure
Public expenditure planning total
Public sector borrowing requirement
1984/85
1985/86
1986/87
1987/88
1988/89
1989/90

33 Summary capital accounts and financial surplus or deficit[7]

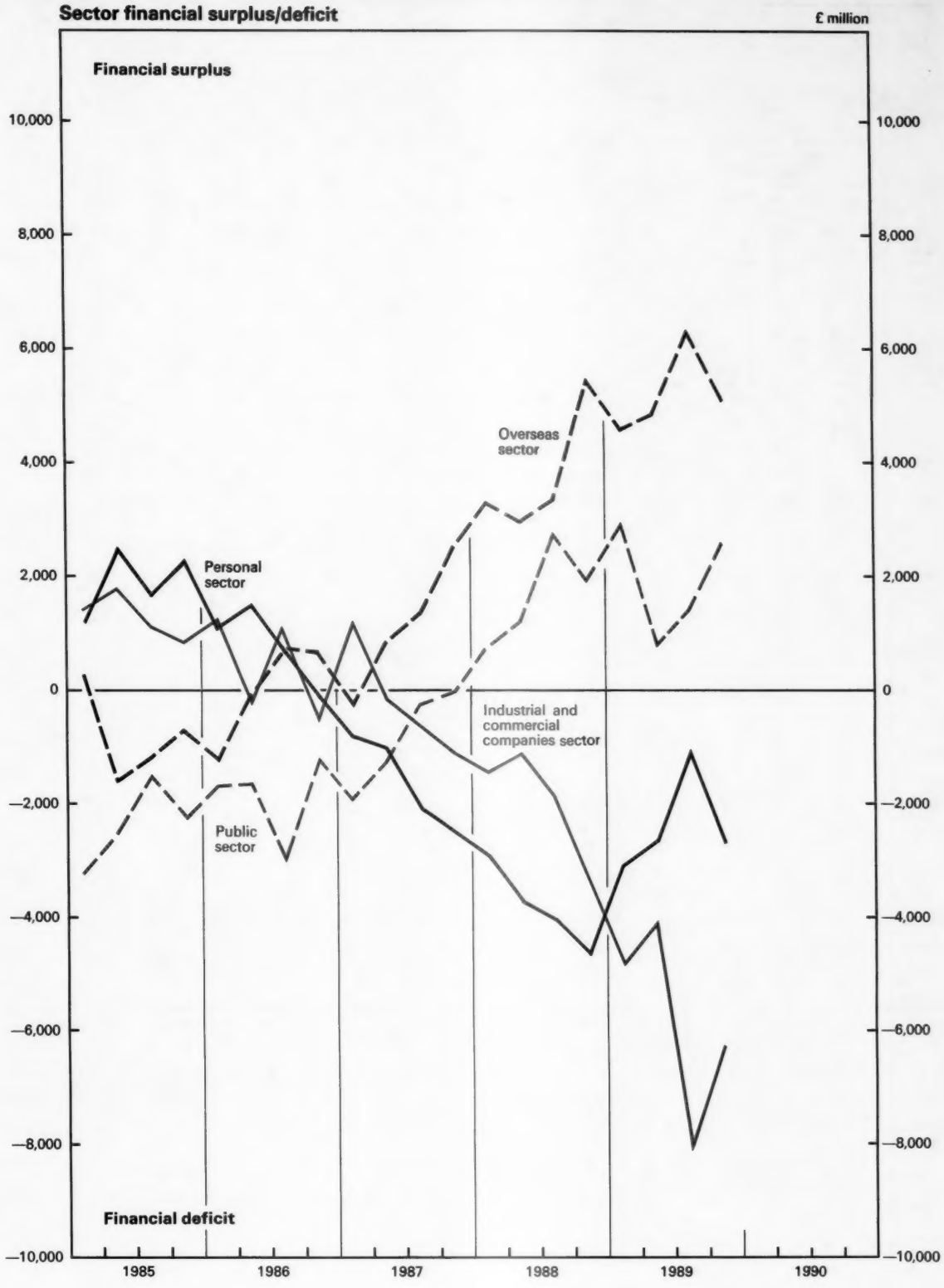
£ million

	Public sector[1]			Financial companies and institutions			Industrial and commercial companies		
	Saving[2]	Capital transfers (net receipts)	Gross domestic capital formation[3]	Saving[2]	Capital transfers (net receipts)	Gross domestic capital formation[3]	Saving[2]	Capital transfers (net receipts)	Gross domestic capital formation[3]
	ABKJ	ABKK	ABKL	AAUM	AAUN	GGCX	AAUQ	AAUR	GGCW
1985	3 704	-398	12 910	7 838	-118	7 829	32 524	112	27 250
1986	4 098	199	11 968	11 411	-219	7 301	30 617	52	29 256
1987	6 469	961	10 987	13 543	-283	8 250	37 907	-371	38 200
1988	15 386	1 925	10 781	16 640	-403	12 167	42 239	-212	49 852
1989	18 238	2 988	13 634	21 871	-628	14 133	34 417	-1 295	56 493
1986 Q1	1 333	-59	2 984	2 943	-55	1 934	7 081	73	5 934
Q2	1 516	23	3 218	2 490	-50	1 738	5 792	38	6 073
Q3	-83	70	3 007	2 610	-59	1 746	9 246	-13	8 197
Q4	1 332	165	2 759	3 368	-55	1 883	8 498	-46	9 052
1987 Q1	525	160	2 679	3 487	-70	1 795	9 386	-37	8 178
Q2	1 306	130	2 718	3 217	-61	2 075	9 559	-49	9 530
Q3	2 380	243	2 845	3 352	-66	1 983	9 406	-124	9 946
Q4	2 258	428	2 745	3 487	-86	2 397	9 556	-161	10 546
1988 Q1	3 118	595	2 989	3 512	-126	2 592	9 794	-255	11 021
Q2	3 950	321	3 080	4 397	-72	3 002	10 168	-111	11 192
Q3	5 060	-153	2 185	4 076	-88	3 410	10 982	371	13 297
Q4	3 258	1 162	2 527	4 655	-117	3 163	11 295	-217	14 342
1989 Q1	5 077	863	3 077	4 892	-191	3 556	10 522	-370	15 012
Q2	3 805	362	3 413	5 541	-95	3 632	10 720	-156	14 675
Q3	4 255	452	3 311	5 906	-120	3 651	6 737	-257	14 612
Q4	5 101	1 311	3 833	5 532	-222	3 294	6 438	-512	12 194

	Personal sector			Financial surplus/deficit[4]					
	Saving[2]	Capital transfers (net receipts)	Gross domestic capital formation[3]	Public sector	Financial companies and institutions	Industrial and commercial companies	Personal sector	Overseas sector[5]	Balancing item[6]
	AAUU	AAUV	GGCV	AAVE	AAVF	AAVG	AAVH	AAVI	AAVJ
1985	22 758	404	15 708	-9 604	-109	5 386	7 454	-3 165	38
1986	21 349	-32	18 300	-7 671	3 891	1 413	3 017	41	-691
1987	15 951	-307	22 126	-3 557	5 010	-664	-6 482	4 395	1 298
1988	12 600	-1 310	26 647	6 530	4 070	-7 825	-15 357	15 018	-2 436
1989	17 122	-1 065	25 576	7 592	7 110	-23 371	-9 519	20 850	-2 662
1985 Q3	5 312	58	3 721	-1 570	86	1 065	1 649	-1 208	-22
Q4	6 031	22	3 779	-2 293	-17	799	2 274	-716	-47
1986 Q1	4 963	41	3 980	-1 710	954	1 220	1 024	-1 287	-201
Q2	5 780	-11	4 286	-1 679	702	-243	1 483	-58	-205
Q3	5 492	2	4 853	-3 020	805	1 036	641	717	-179
Q4	5 114	-64	5 181	-1 262	1 430	-600	-131	669	-106
1987 Q1	4 356	-53	5 145	-1 994	1 622	1 171	-842	-289	332
Q2	4 444	-20	5 432	-1 282	1 081	-20	-1 008	844	385
Q3	3 717	-53	5 792	-222	1 303	-664	-2 128	1 358	353
Q4	3 434	-181	5 757	-59	1 004	-1 151	-2 504	2 482	228
1988 Q1	3 254	-214	5 965	724	794	-1 482	-2 925	3 264	-375
Q2	2 929	-138	6 545	1 191	1 323	-1 135	-3 754	2 935	-560
Q3	2 993	-130	6 868	2 722	578	-1 944	-4 005	3 353	-704
Q4	3 424	-828	7 269	1 893	1 375	-3 264	-4 673	5 466	-797
1989 Q1	3 586	-302	6 345	2 863	1 145	-4 860	-3 061	4 559	-646
Q2	3 535	-111	6 117	754	1 814	-4 111	-2 693	4 890	-654
Q3	5 091	-75	6 050	1 396	2 135	-8 132	-1 034	6 307	-672
Q4	4 910	-577	7 064	2 579	2 016	-6 268	-2 731	5 094	-690

1 Excluding financial transactions in writing-off debt.
2 Before providing for depreciation, stock appreciation and additions to reserves.
3 Comprises gross domestic fixed capital formation and increase in value of stocks and work in progress.
4 This balance is equal to saving *plus* capital transfers *less* gross domestic fixed capital formation, *less* increase in value of stocks and work in progress.
5 Equals, apart from the change in sign, the current balance of payments accounts, *plus* capital transfers.
6 For periods when the sector current and capital accounts are fully articulated, it is equal to the residual error in the national accounts.
7 In order to present a consistent table, first quarter figures for 1989 together with revisions to earlier data which are available for some series have not been included.

Source: Central Statistical Office


Sector financial surplus/deficit
£ million
Financial surplus
10,000
8,000
6,000
4,000
2,000
0
−2,000
−4,000
−6,000
−8,000
−10,000
Overseas sector
Personal sector
Industrial and commercial companies sector
Public sector
Financial deficit
1985
1986
1987
1988
1989
1990

34 Appropriation account of industrial and commercial companies[1]

£ m

	Income								Allocation of income				Balance	
	Income arising in the United Kingdom								Dividends, interest and other transfer payments					
	Gross trading profits[2] +													
	Net of stock appreciation													
	N. Sea oil companies	Other companies	Total[3]	Stock appreciation	Before deducting stock appreciation	Rent and non-trading income	Income from abroad (net of taxes paid abroad)	Total income	Dividends on ordinary and preference shares[4]	Other[5]	Profits due abroad (net of UK tax)	UK taxes on income: payments[6]	Undistributed income[7]	Undistributed income adjusted for unremitted profits[7,8]
	CIDT	CIDU	AIAO	AIAP	AIAQ	AIAR	AIAS	AIAN	AIBA	AIAV	AIAW	AIAY	AAUQ	AIAZ
1980	8 056	17 572	25 628	5 394	31 022	3 886	5 082	39 990	3 326	8 848	4 424	5 706	17 686	18 445
1981	10 864	16 408	27 272	5 064	32 336	4 604	5 722	42 662	3 435	8 774	4 182	7 676	18 595	18 315
1982	12 726	20 739	33 465	3 511	36 976	4 796	5 647	47 419	4 155	9 654	3 973	9 198	20 439	19 900
1983	15 683	24 303	39 986	3 619	43 605	4 928	6 818	55 351	4 911	9 302	4 631	10 924	25 583	24 636
1984	19 009	27 464	46 473	4 119	50 592	5 558	8 738	64 888	4 977	10 567	5 535	12 750	31 059	30 381
1985	18 378	36 670	55 048	2 157	57 205	7 182	8 715	73 102	6 354	12 609	6 338	15 277	32 524	32 768
1986	8 421	42 096	50 517	1 470	51 987	7 712	7 997	67 696	8 381	11 363	4 342	12 993	30 617	28 133
1987	9 524	47 781	57 305	4 165	61 470	7 938	11 386	80 794	11 060	11 889	6 635	13 303	37 907	36 253
1988	6 848	58 093	64 941	5 195	70 136	8 706	14 343	93 185	14 669	13 917	7 425	14 935	42 239	37 229
1989	6 452	61 521	67 973	6 337	74 310	12 526	17 495	104 331	19 317	23 500	9 155	17 942	34 417	30 516
1982 Q1	2 638	4 374	7 012	929	7 941	1 278	1 338	10 557	1 212	2 443	1 008	2 116	3 778	3 288
Q2	3 067	5 589	8 656	759	9 415	1 244	1 338	11 997	1 037	2 486	927	2 464	5 083	4 909
Q3	3 497	5 145	8 642	900	9 542	1 147	1 367	12 056	1 012	2 366	930	2 454	5 294	5 116
Q4	3 524	5 631	9 155	923	10 078	1 127	1 604	12 809	894	2 359	1 108	2 164	6 284	6 587
1983 Q1	3 631	5 338	8 969	1 115	10 084	1 219	1 574	12 877	1 014	2 429	926	2 890	5 618	5 311
Q2	3 722	6 005	9 727	857	10 584	1 201	1 532	13 317	1 281	2 304	1 292	2 349	6 091	6 096
Q3	4 173	6 312	10 485	1 123	11 608	1 248	1 986	14 842	1 327	2 285	1 067	2 100	8 063	7 801
Q4	4 157	6 648	10 805	524	11 329	1 260	1 726	14 315	1 289	2 284	1 346	3 585	5 811	5 428
1984 Q1	4 210	6 515	10 725	1 033	11 758	1 332	1 941	15 031	1 058	2 287	1 371	2 904	7 411	7 762
Q2	4 695	6 498	11 193	1 253	12 446	1 279	1 914	15 639	1 392	2 505	1 471	3 022	7 249	7 390
Q3	4 879	7 236	12 115	717	12 832	1 490	2 496	16 818	1 229	2 930	1 518	3 224	7 917	7 846
Q4	5 225	7 215	12 440	1 116	13 556	1 457	2 387	17 400	1 298	2 845	1 175	3 600	8 482	7 383
1985 Q1	5 132	9 019	14 151	1 316	15 467	1 818	2 363	19 648	1 345	3 438	1 714	4 122	9 029	9 574
Q2	4 980	9 405	14 385	223	14 608	1 814	2 408	18 830	1 575	3 210	1 700	3 640	8 705	8 788
Q3	4 077	8 921	12 998	145	13 143	1 763	2 225	17 131	1 855	2 934	1 411	3 775	7 156	7 134
Q4	4 189	9 325	13 514	473	13 987	1 787	1 719	17 493	1 579	3 027	1 513	3 740	7 634	7 272
1986 Q1	3 127	9 866	12 993	-344	12 649	1 830	1 601	16 080	1 757	2 901	926	3 415	7 081	6 333
Q2	1 686	10 418	12 104	-167	11 937	1 893	1 948	15 778	2 171	2 711	1 089	4 015	5 792	5 322
Q3	1 632	10 911	12 543	744	13 287	1 956	2 186	17 429	2 159	2 728	1 043	2 253	9 246	8 779
Q4	1 976	10 901	12 877	1 237	14 114	2 033	2 262	18 409	2 294	3 023	1 284	3 310	8 498	7 699
1987 Q1	2 465	11 153	13 618	1 157	14 775	1 993	2 598	19 366	2 562	2 922	1 685	2 811	9 386	8 915
Q2	2 356	11 680	14 036	1 178	15 214	1 901	2 843	19 958	2 641	2 812	1 555	3 391	9 559	8 974
Q3	2 495	12 122	14 617	1 042	15 659	1 967	2 946	20 572	2 732	3 054	1 684	3 696	9 406	8 839
Q4	2 208	12 826	15 034	788	15 822	2 077	2 999	20 898	3 125	3 101	1 711	3 405	9 556	9 525
1988 Q1	1 980	13 609	15 589	991	16 580	1 961	2 958	21 499	3 324	2 943	1 645	3 793	9 794	8 688
Q2	1 823	13 431	15 254	1 439	16 693	1 995	3 472	22 160	3 131	3 119	1 753	3 989	10 168	8 692
Q3	1 670	14 918	16 588	1 276	17 864	2 142	3 875	23 881	3 870	3 466	2 026	3 537	10 982	10 052
Q4	1 375	16 135	17 510	1 489	18 999	2 608	4 038	25 645	4 344	4 389	2 001	3 616	11 295	9 797
1989 Q1	1 472	15 868	17 340	1 798	19 138	2 721	4 242	26 101	4 834	4 831	1 972	3 942	10 522	9 665
Q2	1 491	15 858	17 349	1 826	19 175	3 017	4 647	26 839	4 130	5 382	2 357	4 250	10 720	10 361
Q3	1 539	14 719	16 258	1 222	17 480	3 247	4 047	24 774	5 117	6 166	2 154	4 600	6 737	5 718
Q4	1 950	15 076	17 026	1 491	18 517	3 541	4 559	26 617	5 236	7 121	2 672	5 150	6 438	4 772

1 Figures reflect privatisation of British Telecom with effect from 28 November 1984, British Gas from 3 December 1986, British Airways from 6 February 1987, Royal Ordnance from 22 April 1987, BAA from 16 July 1987, British Steel from 2 December 1988 and water companies from 12 December 1989.

2 Gross trading profits of non-oil industrial and commercial companies include quarterly national accounts statistical adjustment. For details, see Economic Trends, April 1990, issue No. 438, pages 81-82.

3 Before providing for depreciation.

4 Dividend payments on ordinary and preference shares are net of tax; the advance corporation tax in respect of these dividends is included in UK taxes on income. Excludes payments by UK subsidiaries to their overseas parents.

5 Including royalties and licence fees on oil and gas production.

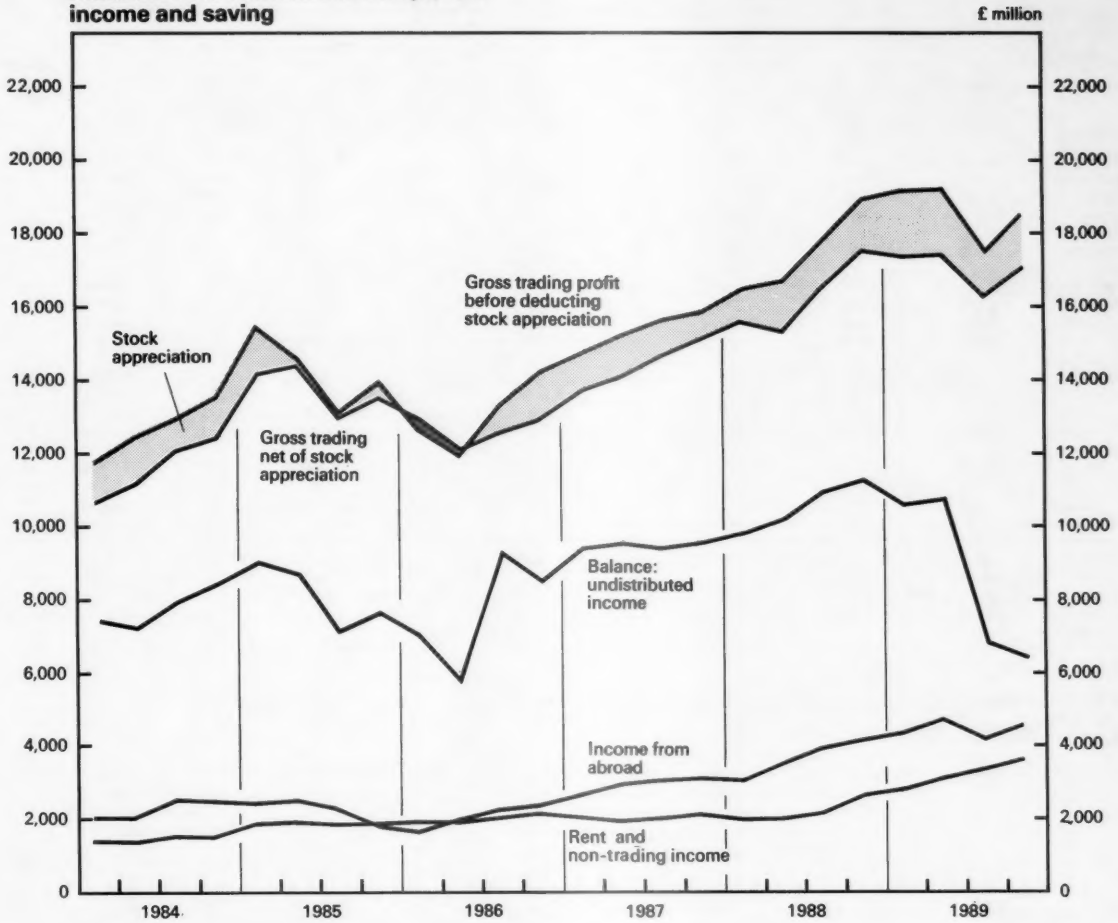
6 Mainly payments of corporation tax (including advance corporation tax) and petroleum revenue tax.

7 Before providing for depreciation, stock appreciation and additions to reserves.

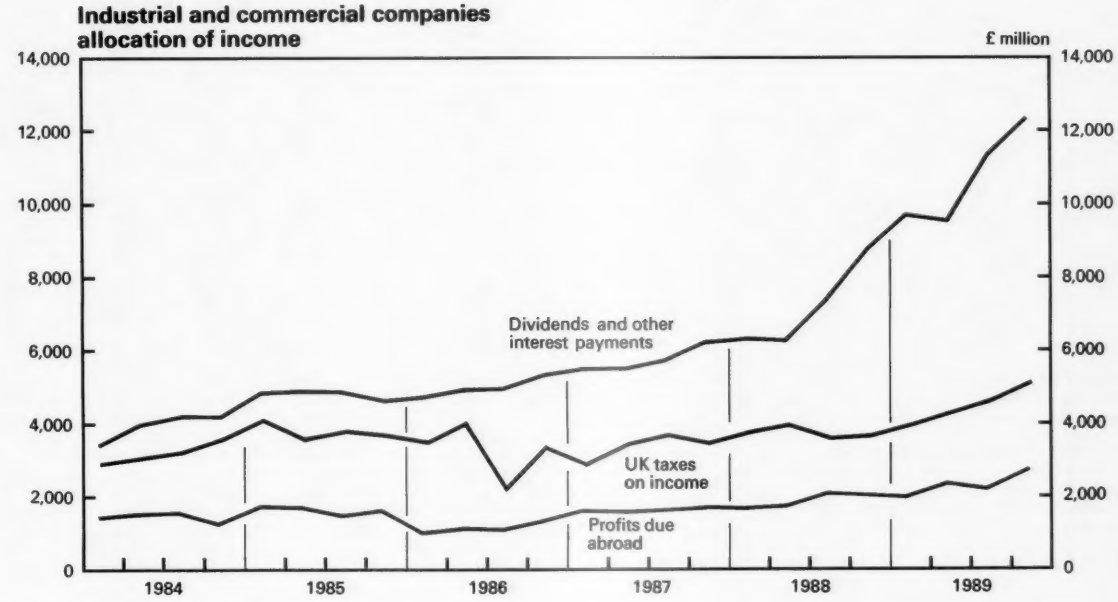
8 Excludes profits retained abroad by overseas subsidiaries of UK companies. Includes profits retained in the United Kingdom by subsidiaries of overseas companies.

Source: Central Statistical Office

Industrial and commercial companies income and saving



Industrial and commercial companies allocation of income



35 Capital account and financial surplus/deficit of industrial and commercial companies[1]

£ million

	Receipts					Expenditure				
	Undistributed income	Stock appreciation	Undistributed income less stock appreciation	Capital transfers	Total receipts[2]	Gross domestic fixed capital formation	Value of physical increase in stocks and work in progress[3]	Taxes on capital and other capital transfers	Total expenditure	Balance: financial surplus/deficit
	AAUQ	AIAP	FMBC	CIDZ	FMBA	AAUS	FMBG	FMBH	FMBF	AAVG
1987	37 907	4 165	33 742	511	34 253	32 254	1 781	882	34 917	-664
1988	42 239	5 195	37 044	1 020	38 064	40 071	4 586	1 232	45 889	-7 825
1989	34 417	6 337	28 080	540	28 620	46 564	3 592	1 835	51 991	-23 371
1986 Q4	8 498	1 237	7 261	167	7 428	6 949	866	213	8 028	-600
1987 Q1	9 386	1 157	8 229	186	8 415	7 242	-221	223	7 244	1 171
Q2	9 559	1 178	8 381	129	8 510	7 946	406	178	8 530	-20
Q3	9 406	1 042	8 364	91	8 455	8 282	622	215	9 119	-664
Q4	9 556	788	8 768	105	8 873	8 784	974	266	10 024	-1 151
1988 Q1	9 794	991	8 803	124	8 927	9 125	905	379	10 409	-1 482
Q2	10 168	1 439	8 729	114	8 843	9 716	37	225	9 978	-1 135
Q3	10 982	1 276	9 706	642	10 348	10 411	1 610	271	12 292	-1 944
Q4	11 295	1 489	9 806	140	9 946	10 819	2 034	357	13 210	-3 264
1989 Q1	10 522	1 798	8 724	179	8 903	11 281	1 933	549	13 763	-4 860
Q2	10 720	1 826	8 894	131	9 025	11 555	1 294	287	13 136	-4 111
Q3	6 737	1 222	5 515	101	5 616	12 034	1 356	358	13 748	-8 132
Q4	6 438	1 491	4 947	129	5 076	11 694	-991	641	11 344	-6 268

1 Figures reflect privatisation of British Telecom with effect from 28 November 1984, British Gas from 3 December 1986, British Airways from 6 February 1987, Royal Ordnance from 22 April 1987, BAA from 16 July 1987, British Steel from 2 December 1988 and water companies from 12 December 1989.

2 After deducting stock appreciation but before providing for depreciation.

3 Including quarterly national accounts statistical adjustment. For details, see Economic Trends, April 1990, issue No. 438, pages 81-82.

Source: Central Statistical Office

36 Financial transactions including net borrowing requirement of industrial and commercial companies[1]

£ million

	Transactions leading to net borrowing requirement						Financing of net borrowing requirement[4]				
							Borrowing from		Financial assets		
	Financial surplus/deficit	Net unremitted profits[2]	Net identified trade and other credit[3,4]	Investment in UK company securities[5]	Investment abroad	Balancing item	Banks[6]	Other	Liquid	Other	Net borrowing requirement (NBR)
	1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*
	AAVG	-AICX	-AIDL	-AICC	-AIDC	-AAOB	-AANA	-AICT	-AICU	-AICV	-AICW
1986	1 413	-2 484	-782	-2 602	-5 946	-1 002	9 096	11 175	-10 599	1 731	11 403
1987	-664	-1 654	-44	-2 817	-16 455	-1 114	12 141	22 026	-8 744	-2 675	22 748
1988	-7 825	-5 010	-1 611	-10 167	-14 525	-2 905	31 064	15 270	-5 532	1 241	42 043
1989	-23 371	-3 901	1 036	-15 531	-17 221	13 243†	33 935†	23 891	-14 279	2 198	45 745†
			-ABKP			-AIDD	-AIDF	-AIDJ	-AIDG		-AIDI
1986 Q3	1 036	-467	-644	-641	-2 911	1 742	1 530	2 559	-4 881	2 677	1 885
Q4	-600	-799	-139	-802	-3 443	-1 642	4 855	3 499	327	-1 256	7 425
1987 Q1	1 171	-471	719	-358	-2 661	365	1 666	3 001	-2 422	-1 010	1 235
Q2	-20	-585	-635	-1 146	-4 883	3 249	2 075	4 507	-1 500	-1 062	4 020
Q3	-664	-567	332	-600	-6 851	-3 745	4 328	9 171	-1 189	-215	12 095
Q4	-1 151	-31	-432	-713	-2 060	-1 011	3 832	5 347	-3 393	-388	5 398
1988 Q1	-1 482	-1 106	646	-3 684	-3 978	-2 942	8 655	5 734	-1 935	92	12 546
Q2	-1 135	-1 476	-536	-2 268	-3 811	-1 922	7 456	3 126	260	306	11 148
Q3	-1 944	-930	-166	-1 996	-2 126	-1 656	8 096	2 479	-2 536	779	8 818
Q4	-3 264	-1 498	-1 613	-2 219	-4 610	3 673	7 097	3 931	-1 561	64	9 531
1989 Q1	-4 860	-857	1 136	-2 565	-5 437	457†	7 187†	6 991	-3 916	1 864	12 126†
Q2	-4 111	-359	-419	-1 132	-4 468	2 209	7 953	6 859	-4 844	-1 688	8 280
Q3	-8 132	-1 019	274	-7 845	-2 251	45	13 690	6 000	347	-1 109	18 928
Q4	-6 268	-1 666	-13	-3 989	-5 065	10 590	5 105	4 041	-5 866	3 131	6 411

1 Inflows(+), outflows(-); relationships between columns: 1+2+3+4+5+6+7+8+9+10 = zero; 7+8+9+10 = 11.

2 Retained in UK (+); retained abroad (-).

3 Includes accruals adjustment.

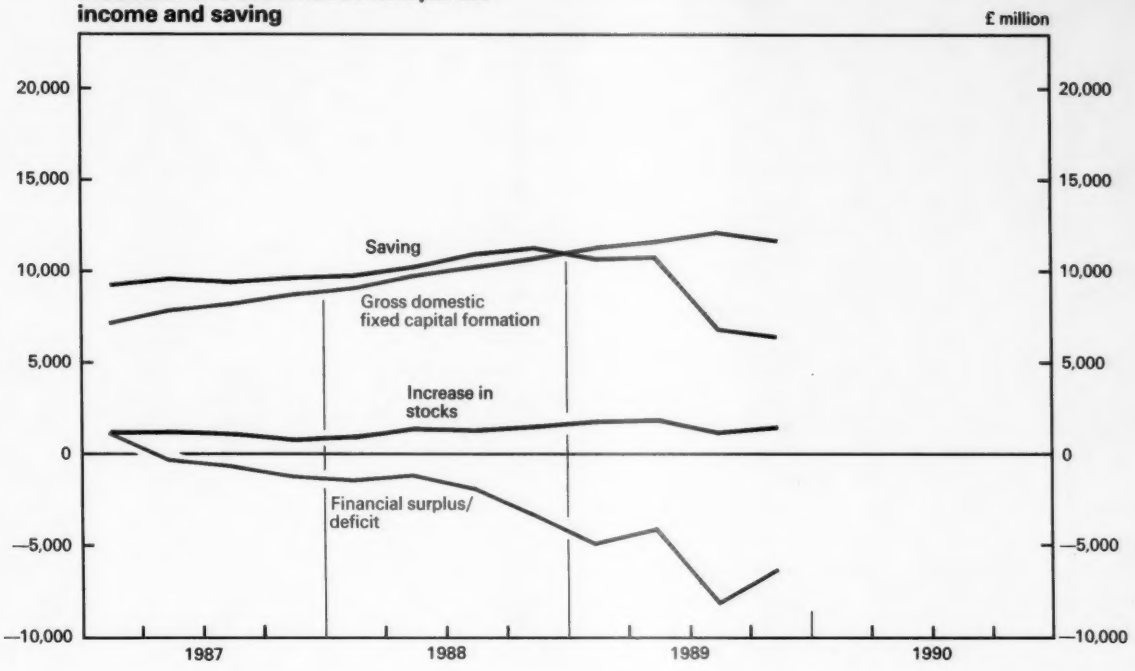
4 Seasonal adjustments include day-of-week adjustments. The quarterly figures therefore do not always sum to the annual totals.

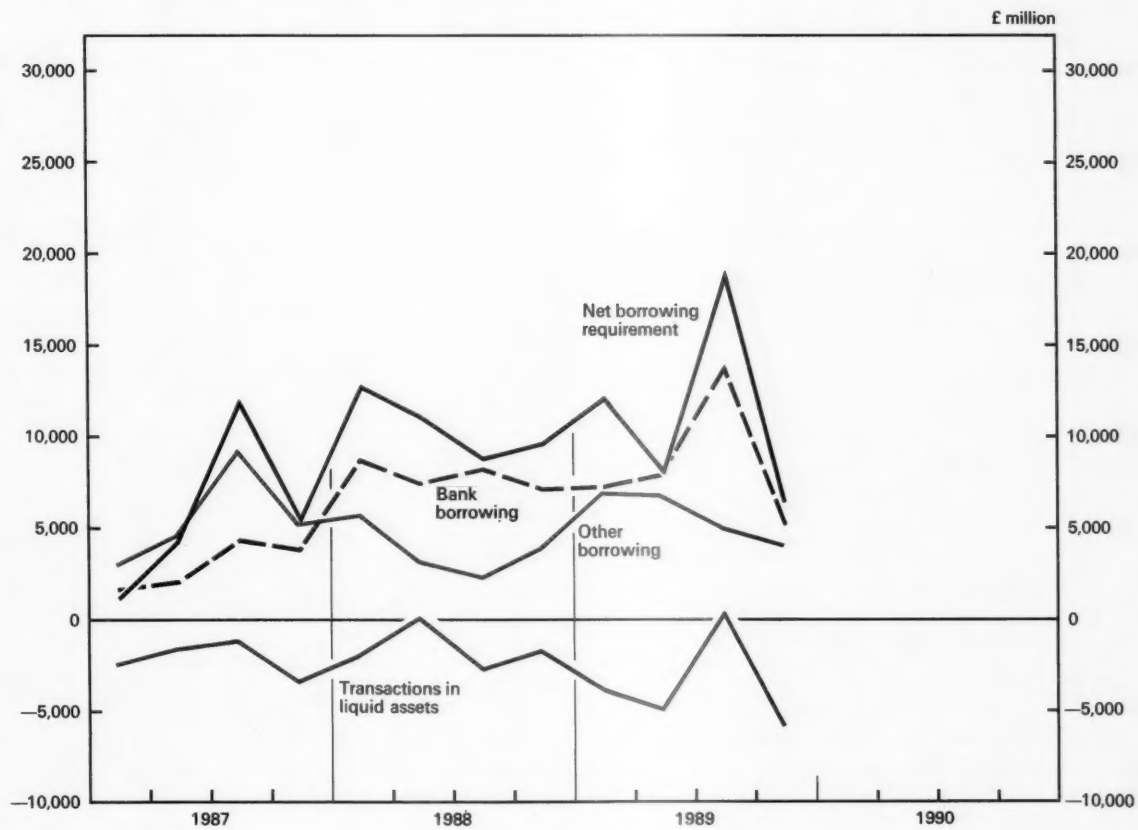
5 Cash expenditure on subsidiaries and trade investments in the United Kingdom.

6 Includes Bank of England Issue Department transactions in commercial bills.

Source: Central Statistical Office

Industrial and commercial companies income and saving





37 UK banks' lending to UK residents[1]

£ million

	Lending to public sector			Lending to private sector		
	Sterling	Other currencies	Total	Sterling	Other currencies	Total
Transactions						
	AEBT	VQAH	FPAA	VQAE	AECO	FPAD
1985	-2 126	404	-1 722	20 968	4 742	25 710
1986	604†	30	634†	30 449†	8 252	38 701†
1987	-515	-347	-862	38 742	10 557	49 299
1988	-1 325	-566	-1 891	57 335	9 623	66 958
1989	-2 064	-40	-2 104	60 653	16 245	76 898
1985 Q1	-3 242	89	-3 153	6 235	3 227	9 462
Q2	-2 224	35	-2 189	5 008	1 382	6 390
Q3	1 502	22	1 524	4 462	-806	3 656
Q4	1 838	258	2 096	5 263	939	6 202
1986 Q1	656	1	657	6 684	2 362	9 046
Q2	-528	-69	-597	6 274	1 575	7 849
Q3	-923	195	-728	6 846	3 688	10 534
Q4	1 399†	-97	1 302†	10 645†	627	11 272†
1987 Q1	679	220	899	6 772	7 136	13 908
Q2	-2 618	28	-2 590	8 835	4 738	13 573
Q3	-766	-80	-846	11 278	-1 156	10 122
Q4	2 190	-515	1 675	11 857	-161	11 696
1988 Q1	964	-761	203	12 857	1 834	14 691
Q2	-3 092	-130	-3 222	15 333	1 603	16 936
Q3	-1 737	1	-1 736	14 869	3 034	17 903
Q4	2 540	324	2 864	14 276	3 152	17 428
1989 Q1	-1 788	-198	-1 986	14 301	6 505	20 806
Q2	-396	72	-324	12 521	2 479	15 000
Q3	391	350	741	19 539	4 293	23 832
Q4	-271	-264	-535	14 292	2 968	17 260
1990 Q1	589	-221†	368	16 475	93†	16 568

1 Seasonally adjusted data are shown on a calendar year basis whereas data in Tables 1, 29 and 30 are on a financial year basis. The quarterly figures do not necessarily add up to the (unadjusted) figures shown for the year as a whole. This is because as well as allowing for purely seasonal factors, the adjustments attempt to remove other distortions which do not necessarily cancel out over a year

Source: Bank of England

38 UK banks' loans, advances and acceptances to UK residents[1]

£ million

	Manufacturing	Other production	Financial	Services	Persons	Total loans, advances and acceptances
Amounts outstanding (February 1990):	53 307	28 098	106 142	118 552	119 444	425 544
Changes						
	FRAB	FRAC	FRAD	FRAE	FRAF	FRAA
1987 May	-1 035	1 674	7 258	3 388	3 517	14 801
Aug	578	-436	2 901	2 190	4 533	9 767
Nov	858	-230	3 527	4 268	4 513	12 938
1988 Feb	1 493	724	-1 318	5 216	3 109	9 224
May	2 537	892	2 285	4 768	4 396	14 878
Aug	4 346	751	744	4 841	5 581	16 263
Nov	2 838	1 500†	5 797	6 508	3 718	20 363
1989 Feb	932	1 360	6 488	8 134	2 236	19 151
May	2 006	960	2 075	5 279	3 796	14 116
Aug[3]	4 600	2 140	4 838	7 476	2 670	21 726
Nov	1 209	307	4 800	7 423	2 819	16 559
1990 Feb	3 278	1 735	5 009	4 674	2 597	17 293

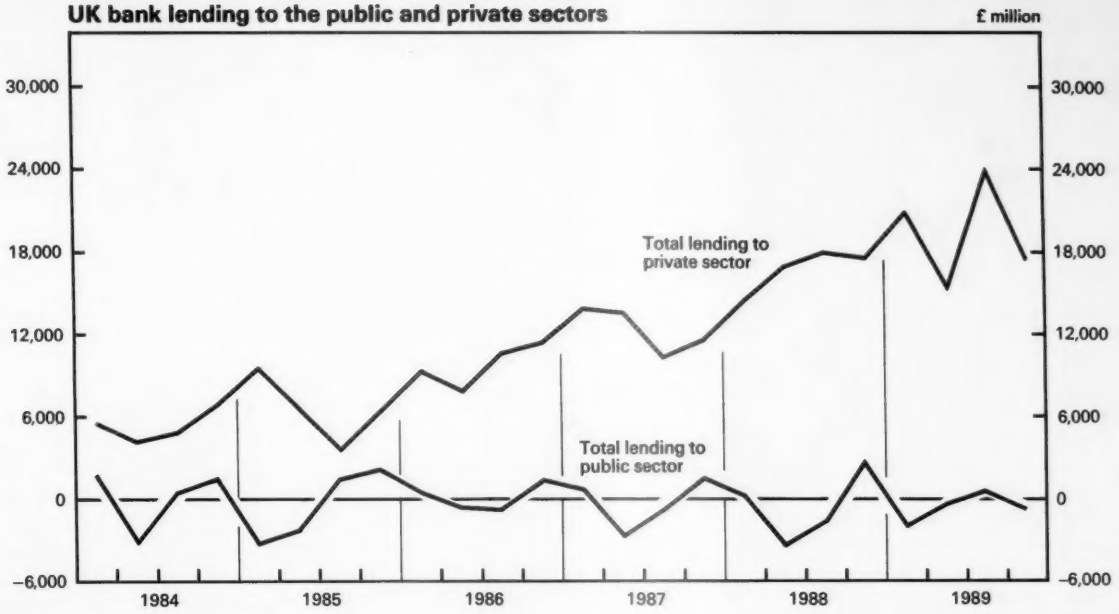
1 For a more detailed breakdown of these figures see *Financial Statistics* Table 6.6. The analysis covers loans, advances and acceptances in both sterling and foreign currencies (changes in the latter being adjusted for exchange rate movements) provided by banks to their customers and therefore does not include funds placed through the local authority money market or funds lent to monetary sector institutions. Acceptances are not granted to persons.

2 From November 1986 lending to securities dealers, stockbrokers and stockjobbers (including money placed with Stock Exchange money brokers and gilt-edged market makers) is included within the financial sector. Such lending was previously included in the services sector. Whilst the effect of this reclassification can be seen in the change shown for the services sector in the period August-November 1986, it is not possible to reflect it in the financial sector for the same period because the amount of outstanding lending to securities dealers etc. at August 1986 is not known.

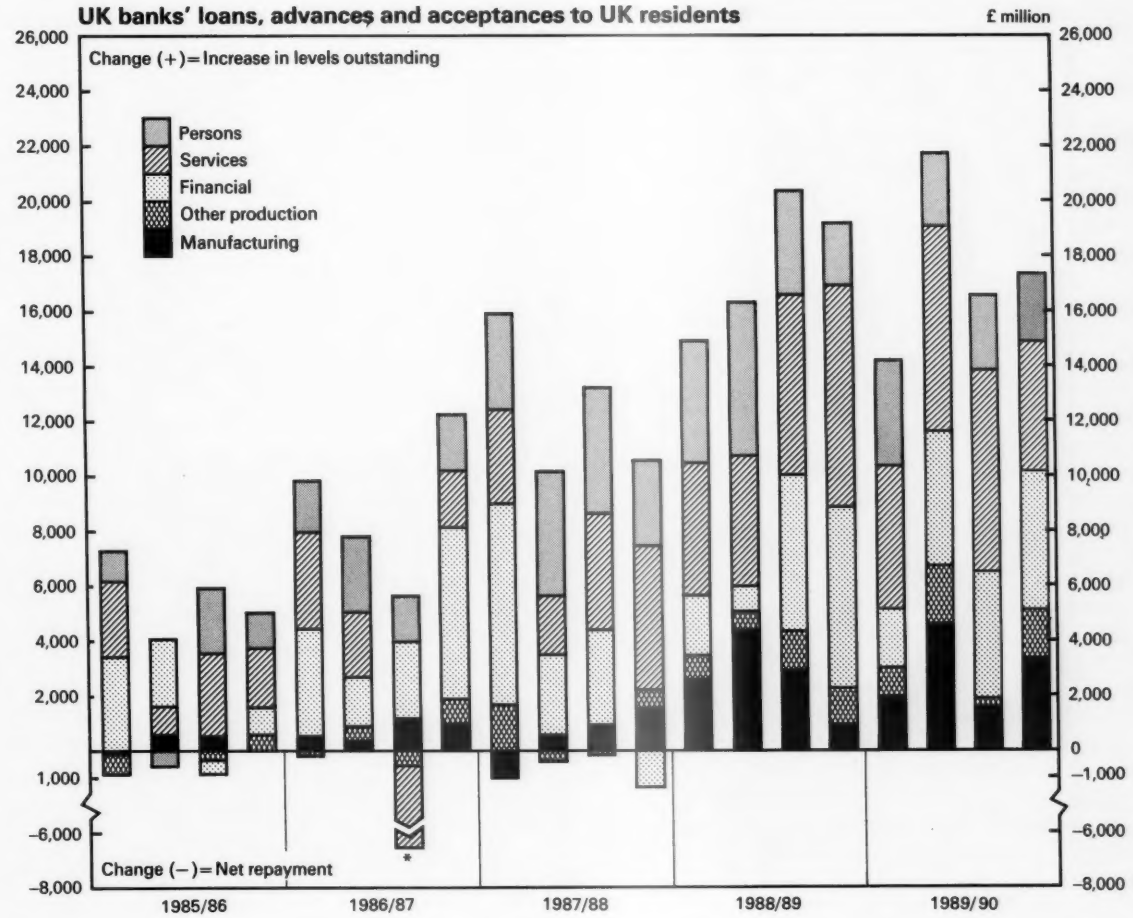
3 Changes in total lending in the three months to end-August 1989 exclude data from Abbey National plc. and Abbey National Treasury Services plc., who joined the reporting population at the beginning of July 1989. The levels for August 1989 include data for these two institutions.

Source: Bank of England

UK bank lending to the public and private sectors



UK banks' loans, advances and acceptances to UK residents



* See footnote[2] page 66 lower table

39 Interest rates, security prices and yields

Percentage rate

	Last Friday						Last working day		Average of working days			
			Selected retail banks							Financial Times index of industrial ordinary shares 1 July 1935 = 100		
	Treasury bill yield[1]	Deposits with local authorities - 3 months[2]	Base rate	Deposit account: 7 days' notice	Inter-bank 3 month rate[3]	Sterling certificates of deposit - 3 months	Euro-dollar 3 month rate	Building societies basic rate on shares[4]	British government securities: long dated[5] - 20 years	Price index	Dividend yield	Earnings yield
	AJNC	AJOI		AJNF			AJIB	AJNM	AJLX	AJMT	AJMU	AJMV
1983	9.04	9.31	9.00	5.50	9.34-9.41	9.25- 9.31	9.87	..	10.80	692.62	4.70	9.58
1984	9.33	10.13	9.50- 9.75	6.25	10.00-10.13	9.81- 9.94	8.62	6.75	10.69	854.87	4.66	10.76
1985	11.49	11.94	11.50	7.86	11.81-11.94	11.69-11.81	7.97	7.00	10.62	1 004.64	4.62	11.48
1986	10.94	11.31	11.00	6.92	11.31-11.34	11.00-11.13	6.31	5.99	9.87	1 287.11	4.25	10.16
1987	8.38	8.88	8.50	3.58	8.75-9.00	8.81- 8.88	7.25	4.02	9.47	1 600.01	3.73	8.98
1988	12.91	13.19	13.00	5.97	12.69-13.19	12.94-13.00	9.25	5.59	9.36	1 448.73	4.62	11.72
1989	14.66	15.03	15.00	6.59	15.13-15.16	15.03-15.09	8.31	6.57	9.58	1 781.41	4.46	10.80
1986 Jun	9.52	9.75	10.00	6.54	9.75-9.88	9.66- 9.72	6.81	5.25	9.23	1 332.13	4.14	10.03
Jul	9.76	9.88	10.00	6.08	9.88-10.00	9.75- 9.88	6.44	5.25	9.37	1 309.62	4.21	10.14
Aug	9.56	9.81	10.00	6.08	9.81-9.94	9.63- 9.75	5.62	5.25	9.41	1 262.13	4.37	10.56
Sep	9.93	10.38	10.00	6.08	10.50-10.69	10.44-10.56	6.06	5.25	9.97	1 286.23	4.31	9.91
Oct	10.85	10.94	11.00	6.92	11.60-11.25	11-11.13	5.87	5.25	10.62	1 262.33	4.42	10.16
Nov	10.96	11.38	11.00	6.92	11.38-11.44	11.19-11.25	6.06	5.99	10.80	1 289.25	4.41	10.21
Dec	10.94	11.31	11.00	6.92	11.00-11.13	11-11.13	6.31	5.99	10.69	1 283.58	4.45	10.50
1987 Jan	10.85	11.00	11.00	6.92	11.00-11.13	10.88-11	6.19	5.99	10.09	1 392.63	4.12	9.68
Feb	10.46	10.75	11.00	6.92	10.69-10.81	10.69-10.75	6.37	5.99	9.83	1 529.60	3.72	8.72
Mar	9.54	9.87	10.00	5.60	9.69-9.81	9.63- 9.66	6.56	5.99	9.16	1 596.26	3.67	8.48
Apr	9.39	9.63	10.00	5.54	9.56-9.75	9.63- 9.69	7.06	5.99	9.12	1 554.78	3.77	8.58
May	8.68	8.75	9.00	4.69	8.81-8.94	8.69- 8.81	7.25	5.03	8.82	1 674.07	3.44	8.23
Jun	8.96	9.13	9.00	4.69	9.06-9.13	8.97- 9.03	7.12	5.00	8.90	1 759.78	3.25	7.83
Jul	9.14	9.25	10.00	4.69	9.19-9.44	9.03- 9.06	6.94	4.99	9.23	1 855.23	3.10	7.52
Aug	10.12	10.38	10.00	4.95	10.13-10.50	10.13-10.19	7.12	4.99	9.92	1 757.59	3.28	8.11
Sep	10.02	10.06	10.00	4.95	10.13-10.25	10-10.13	8.31	4.99	9.98	1 801.84	3.26	7.98
Oct	9.07	9.19	9.50	4.61	9.19-9.31	9.06- 9.19	7.62	4.99	9.88	1 645.30	3.75	9.22
Nov	8.67	8.88	9.00	4.12	8.88-9.03	8.78- 8.84	7.88	4.93	9.20	1 296.04	4.78	11.83
Dec	8.38	8.88	8.50	3.58	8.75-9.00	8.81- 8.88	7.25	4.02	9.57	1 337.02	4.67	11.58
1988 Jan	8.38	8.69	8.50	3.58	8.69-8.75	8.66- 8.72	6.81	4.00	9.57	1 419.37	4.39	11.02
Feb	9.01	9.25	9.00	4.04	9.19-9.63	9.13- 9.25	6.88	4.00	9.38	1 397.56	4.48	11.16
Mar	8.48	8.63	8.50	3.53	8.56-8.75	8.59- 8.66	6.81	4.00	9.12	1 446.73	4.48	11.37
Apr	7.98	8.50	8.00	2.92	8.25-8.50	8.38- 8.44	7.25	4.00	9.12	1 421.19	4.57	11.89
May	7.28	7.63	7.50	2.43	7.56-7.75	7.50- 7.56	7.68	3.51	9.27	1 427.45	4.59	11.86
Jun	9.24	8.88	9.00	3.07	8.94-9.44	9.06- 9.13	7.88	3.49	9.32	1 470.13	4.51	11.56
Jul	10.53	10.75	10.50	4.52	10.63-10.94	10.56-10.63	8.31	3.49	9.51	1 488.92	4.52	11.47
Aug	11.82	11.88	12.00	4.93	11.31-12.25	11.88-11.94	8.50	4.69	9.47	1 474.30	4.61	11.67
Sep	11.47	11.88	12.00	5.43	11.75-12.19	11.81-11.88	8.63	4.70	9.60	1 429.22	4.80	12.11
Oct	11.84	12.00	12.00	5.43	12.00-12.25	12.00-12.60	8.56	5.57	9.23	1 493.35	4.65	11.71
Nov	12.98	12.75	13.00	5.43	12.13-13.00	13.0-13.03	9.31	5.57	9.30	1 478.12	4.78	12.00
Dec	12.91	13.19	13.00	5.97	12.69-13.19	12.94-13.00	9.25	5.59	9.46	1 438.44	5.08	12.84
1989 Jan	12.70	12.81	13.00	5.97	13.00-13.13	12.94-13.19	9.31	5.87	9.35	1 543.53	4.76	11.96
Feb	12.91	13.00	13.00	5.97	12.94-13.19	12.94-13.06	10.25	6.06	9.15	1 676.22	4.37	10.90
Mar	12.79	13.00	13.00	5.97	12.94-13.13	12.94-13.00	10.25	6.06	9.26	1 710.70	4.45	10.83
Apr	12.62	12.81	13.00	5.97	12.88-13.38	12.75-12.88	9.81	6.06	9.52	1 700.63	4.55	11.03
May	13.35	13.81	14.00	5.97	13.81-13.88	13.69-13.81	9.50	6.06	9.52	1 775.56	4.43	10.79
Jun	13.71	14.06	14.00	5.97	14.19-14.25	13.94-14.06	9.25	6.06	9.88	1 779.72	4.50	10.77
Jul	13.32	13.88	14.00	5.97	13.81-13.88	13.78-13.84	8.50	6.04	9.53	1 863.30	4.34	10.16
Aug	13.44	13.88	14.00	5.97	13.88-13.94	13.81-13.88	8.94	6.04	9.37	1 960.27	4.05	9.66
Sep	13.53	14.38	14.00	5.97	14.63-14.69	14.13-14.38	9.13	6.04	9.62	1 958.98	4.10	9.85
Oct	14.54	15.63	15.00	5.97	15.63-15.75	15.5-15.63	8.63	6.10	9.81	1 786.75	4.60	11.06
Nov	14.62	15.00	15.00	6.59	15.03-15.06	15-15.06	8.44	6.57	9.99	1 758.02	4.75	11.42
Dec	14.66	15.03	15.00	6.59	15.13-15.16	15.03-15.09	8.31	6.57	9.96	1 863.28	4.57	11.14
1990 Jan	14.63	15.06	15.00	6.59	15.13-15.19	15.00-15-16	8.31	6.57	10.28	1 894.20	4.51	11.00
Feb	14.45	15.00	15.00	6.59	15.09-15.13	15.00-15.06	8.31	6.57	10.72	1 816.79	4.76	11.47
Mar	14.69	15.13	15.00	6.59	15.22-15.25	15.13-15.19	8.44	6.95†	11.46	1 771.99	4.98	11.76
Apr	14.73†	15.13†	15.00	6.59†	15.28-15.31	15.19-15.25	8.63†	..	11.77†	1 718.96†	5.22†	12.03†

1 Average discount rate expressed as the rate at which interest is earned during the life of the bills.

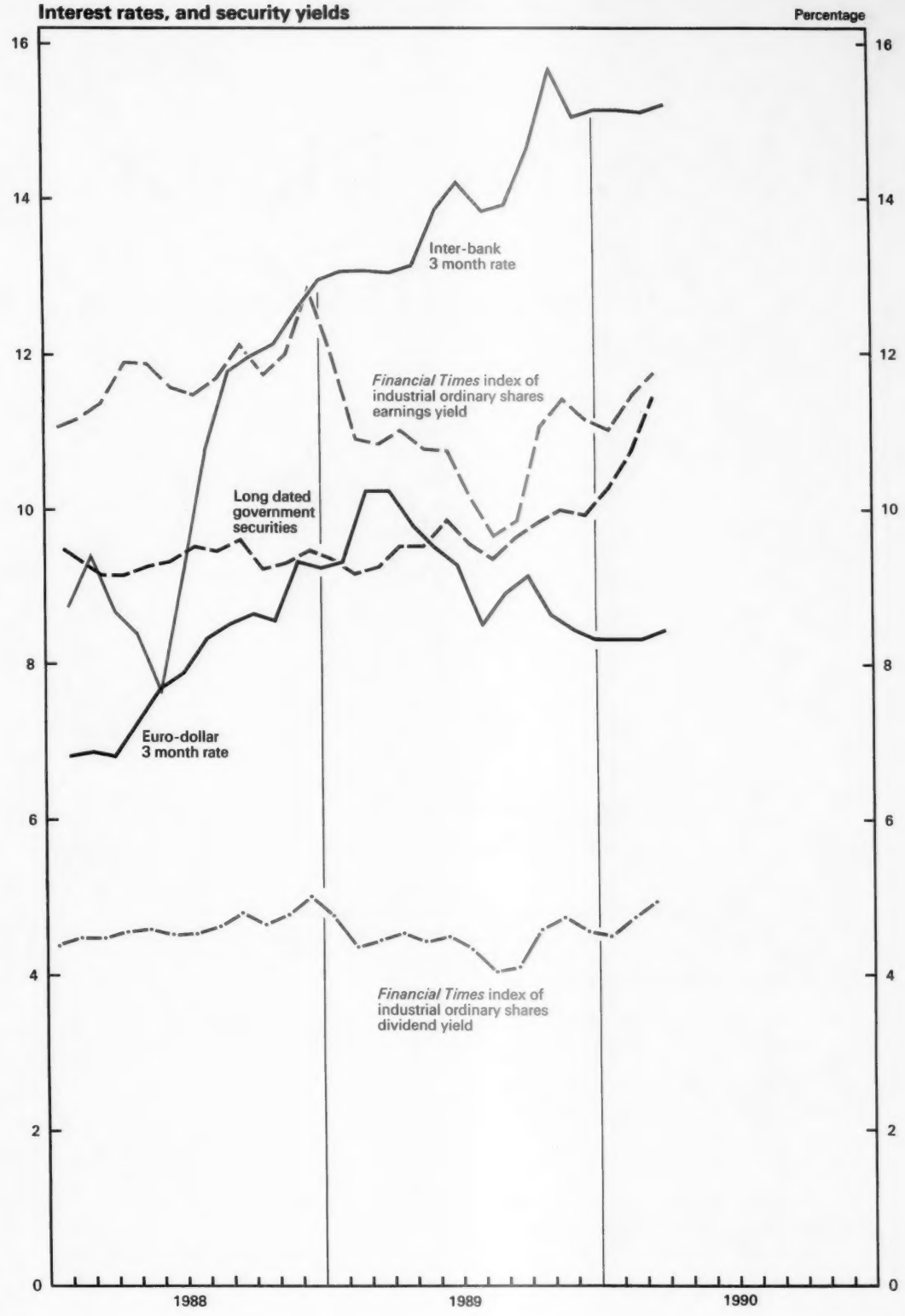
2 For a minimum term of 3 months and thereafter at 7 days' notice.

3 Spread of rates over the day in the inter-bank sterling market; from June 1982 rates are the spread at 10.30 am.

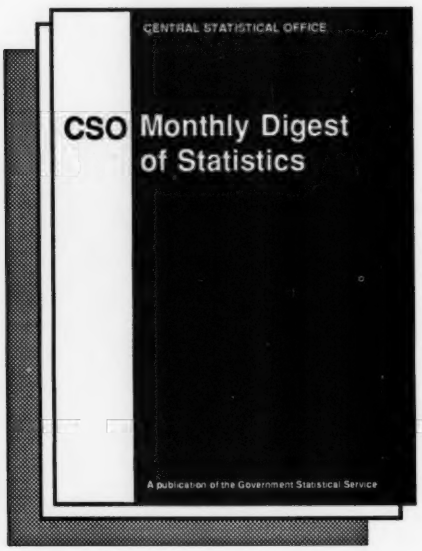
4 The series comprises a weighted average of basic rates offered by the largest societies. The rates are net of income tax where this is paid by societies at the agreed composite rate.

5 Averages of Wednesdays until February 1980; from March 1980 figures are the average of all observations (3 a week); from January 1982 average of working days. Calculated gross redemption yields - see *Financial Statistics Explanatory Handbook*.

Sources: Central Statistical Office; Bank of England; HM Treasury; Building Societies Commission; Financial Times; Institute of Actuaries; Faculty of Actuaries


Interest rates, and security yields
Percentage
16
14
12
10
8
6
4
2
0
Inter-bank
3 month rate
Financial Times index of
industrial ordinary shares
earnings yield
Long dated
government
securities
Euro-dollar
3 month rate
Financial Times index of
industrial ordinary shares
dividend yield
1988
1989
1990

Monthly Digest of Statistics



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Cyclical indicators for the UK economy

Recent movements of the indices

The cyclical movements in the economy following the 1981 trough and prior to the 1988 peak are significantly smaller than those in the 1970s and a little smaller than those in the 1960s, reflecting the fact that during this period GDP growth was exceptionally steady by historical standards. The 1988 peak and subsequent movements of the indices suggest a return towards a more marked cyclical pattern.

The most recent dated turning point is the peak provisionally placed in August 1988. The two leading indices and the coincident index have been declining for some time and the lagging index is now showing a fall. This pattern suggests that the economy has entered a period of slower growth. It should be borne in mind that recent values of the indices are subject to revision as later information modifies the assessment of current trend.

First estimates of the longer leading and coincident indices to April and the shorter leading and lagging indices to March are now available.

The longer leading index fell only slightly in the second half of 1989 with growth in share prices offsetting the decline in house starts. The provisional values of the index have fallen in the first four months of 1990 under the influence of falling share prices.

The provisional shorter leading index has been flat since the end of 1989 with the component series giving mixed signals.

The coincident index continues to decline, with all five component series contributing to the fall.

The lagging index is showing a peak in mid-1989, which is consistent with the provisional peak in the coincident index in August 1988, although the erratic reported path of manufacturing investment early in 1988 makes precise dating of the peak difficult. The index is now on a downward path.

This month the consumer credit component series in the shorter leading index has been replaced by a more broadly based series, i.e. the net change in total consumer borrowing outstanding, including that for house purchase.

Definitions

This section shows a reference chronology of peaks and troughs representing growth cycles in the UK economy, together with groups of indicator series which have in the past had a consistent timing relationship with the reference cycle. Growth cycles are defined as cyclical movements in the deviations from a long-trend; thus, the contraction phase of a growth cycle occurs when the rate of growth is below this long-term value.

The historical reference chronology has been determined by examination of a range of series covering aggregate economic activity. Known special economic and climatic factors were discounted in judging the location of reference turning points. The indicators forming each group have been chosen because they have had a consistent timing relationship to the reference chronology, and because there is a economic rationale to account for this relationship.

A composite index for each group of indicators series is formed by subtracting from each series the value of its long-term trend, then taking a simple average of the trend-eliminated series after smoothing and scaling them to give cycles of similar amplitude, and inverting them where appropriate.

Precise details on data availability for each of the component series used in the compilation of the indicators is shown in Table B.

Table A - Recent movements of the indicators

		Longer Leading (5 component series) DKBR	Shorter Leading (5 component series) DKBS	Coincident (5 component series) DKBP	Lagging (5 component series) DKBQ
1988	Jan	104.7	104.6	104.4	98.5
	Feb	104.5	105.1	105.1	98.4
	March	104.5	105.7	105.1	99.1
	April	104.6	106.4	105.4	99.8
	May	104.6	107.0	105.6	100.5
	June	104.1	107.1	106.4	100.4
	July	103.4	107.4	106.8	100.5
	Aug	102.8	107.7	107.0	100.6
	Sep	102.4	107.3	106.5	100.2
	Oct	102.4	106.9	106.0	99.8
	Nov	102.1	105.6	105.5	99.9
	Dec	101.6	104.6	105.3	100.1
1989	Jan	101.1	103.8	105.3	101.7
	Feb	100.5	102.9	104.9	102.0
	Mar	99.5	102.0	104.4	103.0
	Apr	98.3	101.2	103.4	104.3
	May	97.4	100.7	102.2	104.5
	June	96.5	100.3	101.5	104.0
	July	96.2	99.8	101.3	103.9
	Aug	96.1	98.9	100.9	103.9
	Sep	96.1	98.3	100.6	104.2
	Oct	95.5	97.7	100.2	104.2
	Nov	95.3	97.3	100.0	104.4
	Dec	95.3	97.3	99.6	104.0
1990	Jan	95.1(4)	97.2(4)	99.3(4)	103.4(4)
	Feb	94.5(4)	97.4(4)	98.7	102.9(4)
	March	93.6(4)	97.3(4)	98.4	102.6(3)
	April	92.9(3)		97.4(3)	

1 A full explanation of the methodology used is given in *Economic Trends*, No. 257, March 1975 and No. 271, May 1976. Each month two charts of the composite indicators are published with, in the February May, August and November issues, a further ten pages showing individual indicator series.

2 Values of the composite indices are published in order to show more precisely the shape of the graphs in recent months. The values are subject to revision each month, both because of revisions to the series from which they are formed and because of the nature of the trend-elimination process used in the calculation; the values of the indices have no intrinsic meaning but positive values indicate that an index is above its long term trend and negative values indicate that it is below its long term trend. The method of calculation for the indices means that they lie in the range 80 to 120. On the charts the parts of the curves which are liable to revision in the trend-elimination process are shown in pecked lines; where the composite indices are based on an in complete set of indicators, the curves are shown as dotted lines. Additional tables giving the value of all series used are available from the CSO: 071-270 5966.

3 This table is based on monthly and quarterly data available to 29 May.

4 Bracketed figures show the number of series available where the index is incomplete.

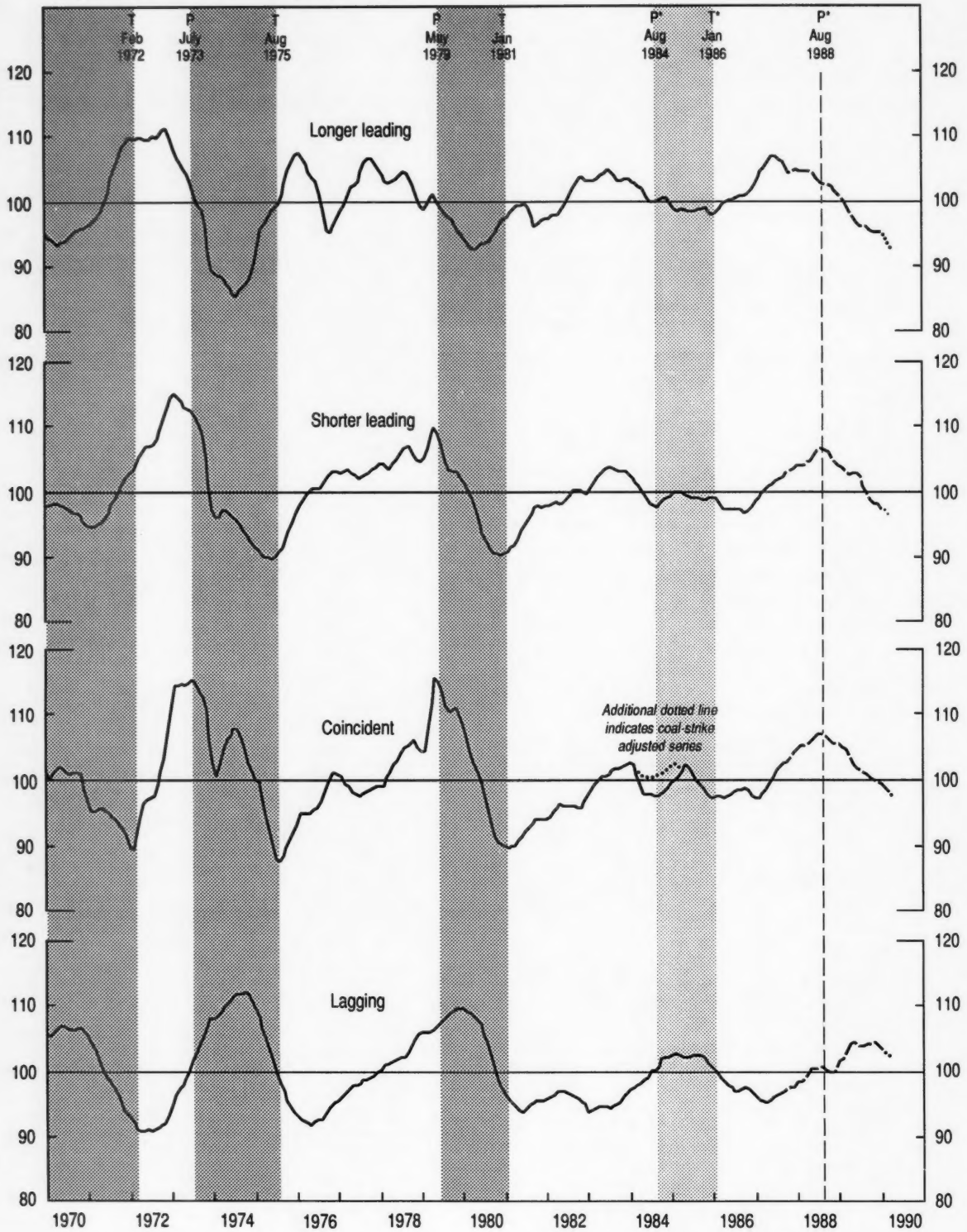
5 The index numbers given here are for comparative purposes only and should not be regarded as accurate to the last digit shown.

6 Longer runs of the indices and their component series are available from the CSO Databank or on subscription from the CSO.

7 When a value for an index is first published it is usually based on incomplete information. Previous practice was to publish a provisional index value provided that at least two constituent series were available but this led to substantial revisions to the index as more data became available. From this month an index will only be published if at least three series are available, which will reduce the scale of revisions at the cost of, on occasions, delaying the publication of an index value by one month.

Cyclical indicators

Composite indices of indicator groups. **Long term trend=100**



——— Subject to revision due to trend re-estimation

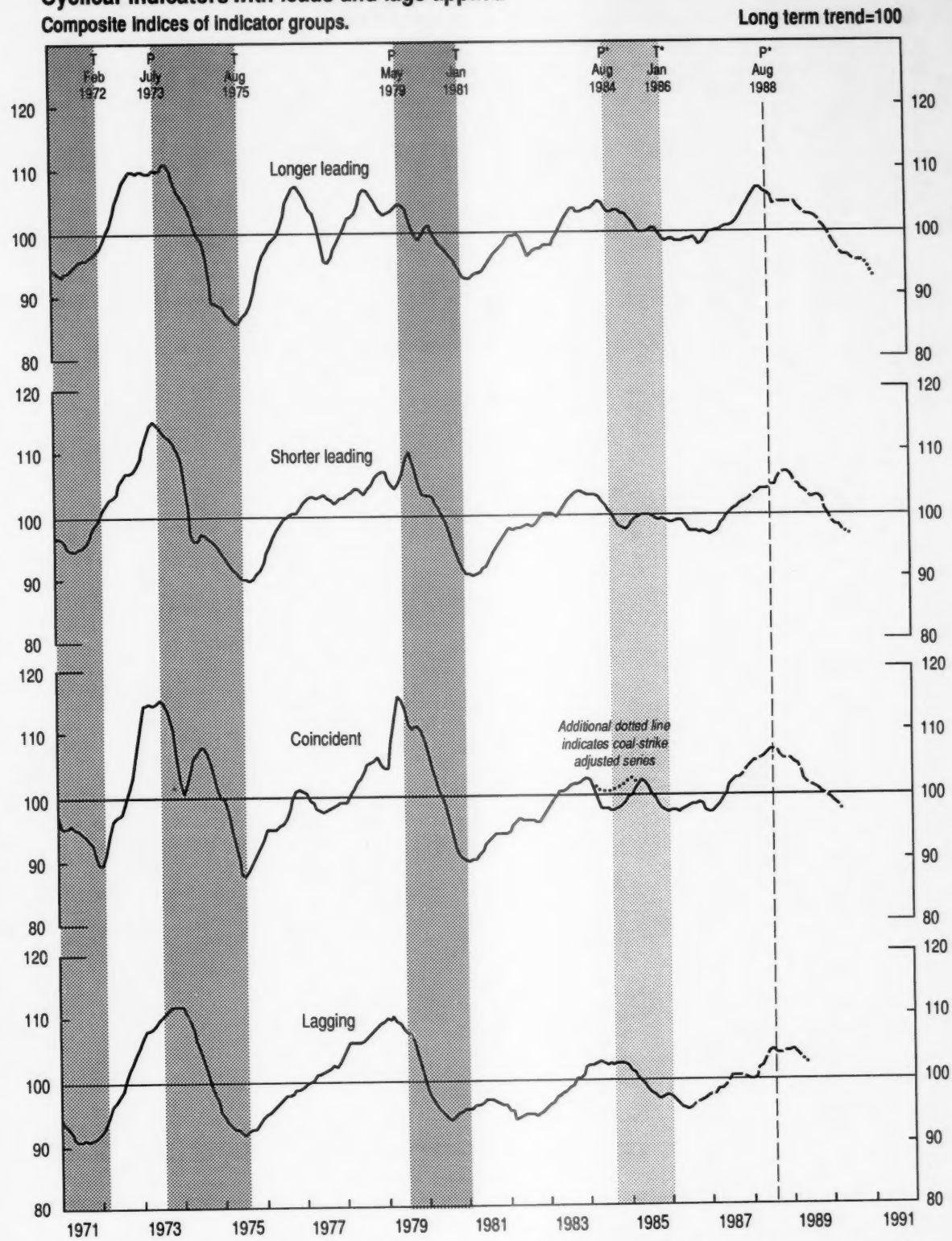
····· Based on incomplete data

*These turning points are less marked than previous peaks and troughs

Cyclical indicators with leads and lags applied[1]

Composite indices of indicator groups.

Long term trend=100



——— Subject to revision due to trend re-estimation

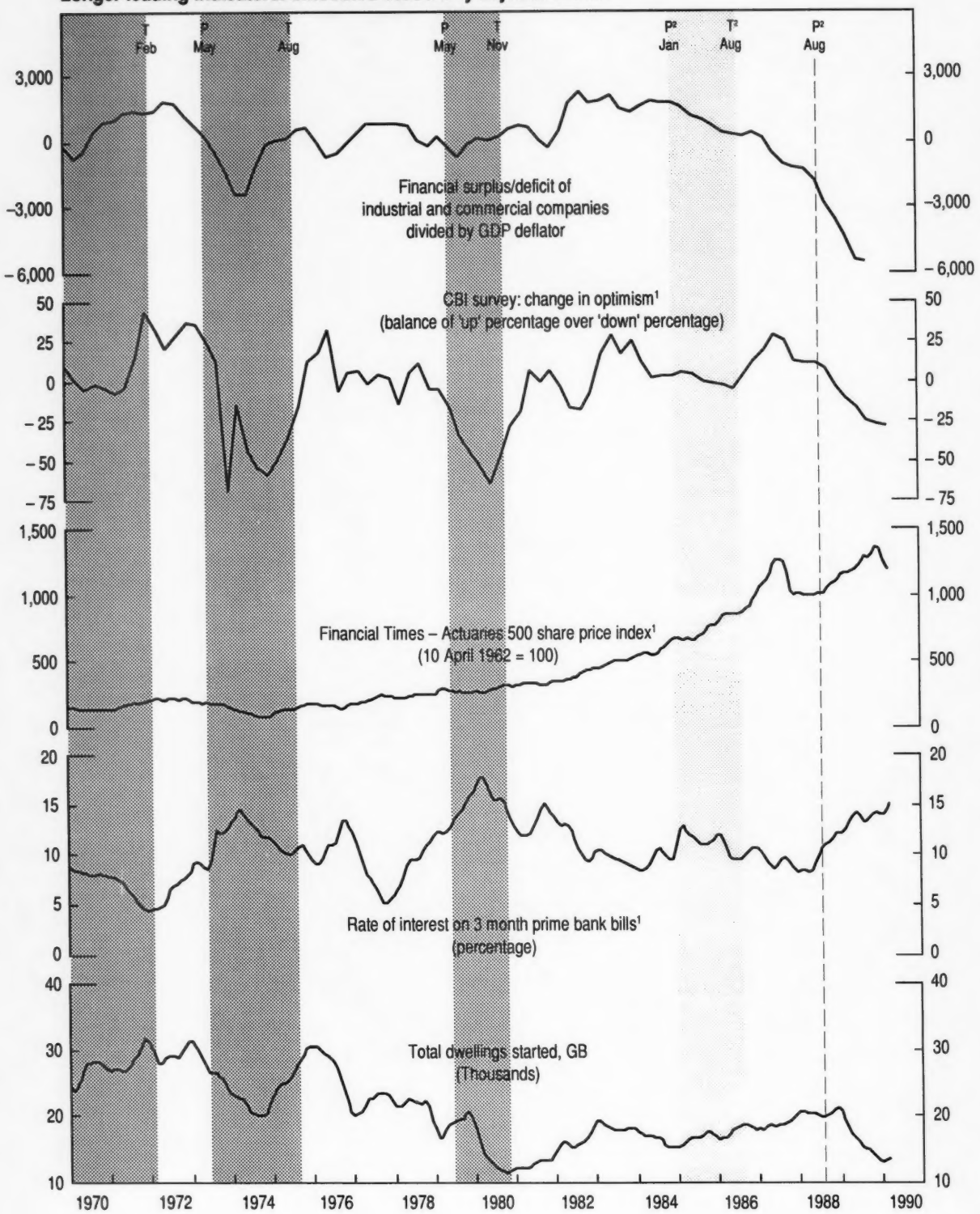
····· Based on incomplete data

*These turning points are less marked than previous peaks and troughs

1. The longer leading index has been advanced by 11 months, the shorter leading index has been advanced by 4 months and the lagging index has been moved back by 10 months. This allows a comparison based on past experience, of whether the indices are in step.

Cyclical indicators by timing classification

Longer leading indicators. Smoothed seasonally adjusted series

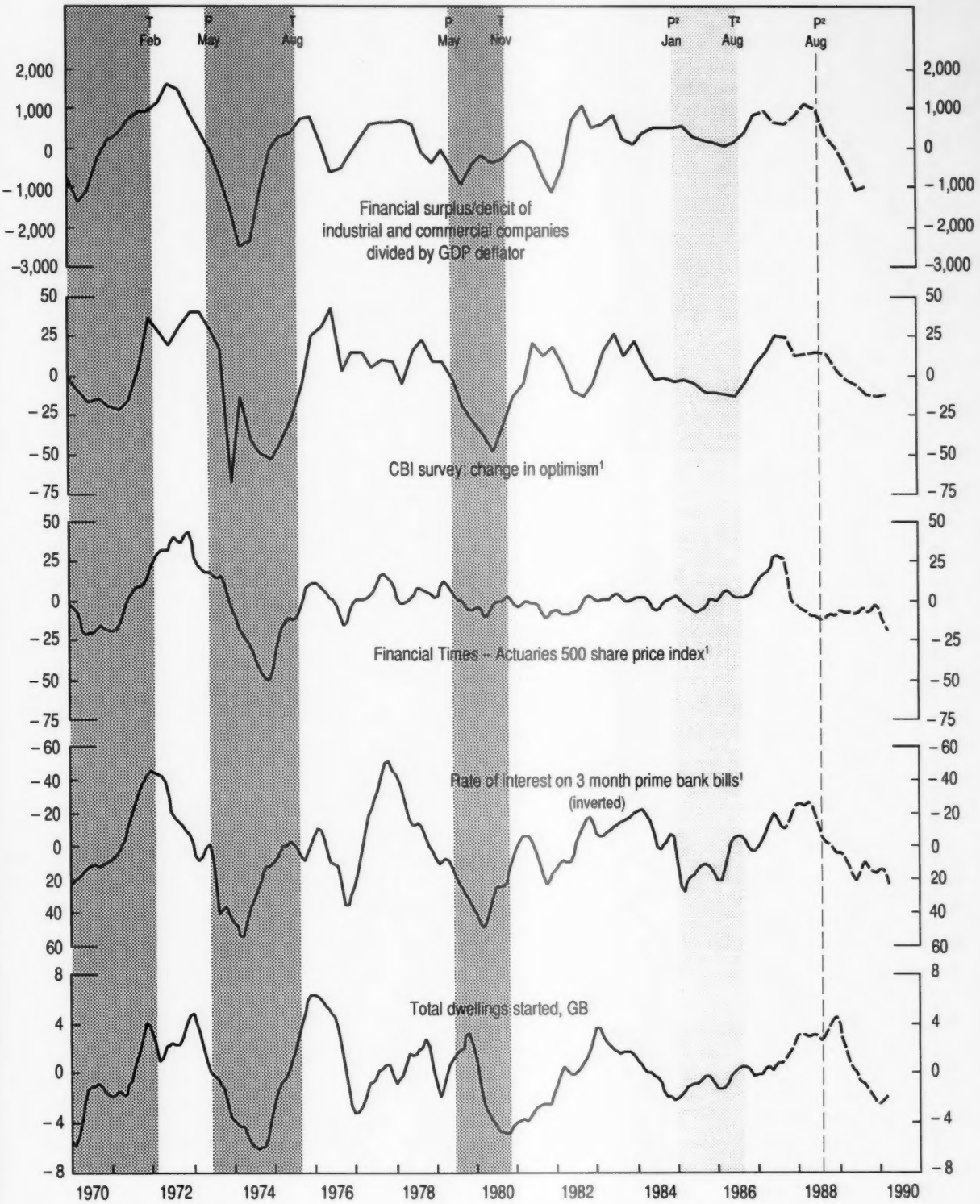


1.Seasonally adjusted by the CSO

2.Peak and trough less marked than previous peaks and troughs

Cyclical indicators by timing classification

Longer leading indicators. Smoothed trend-eliminated series



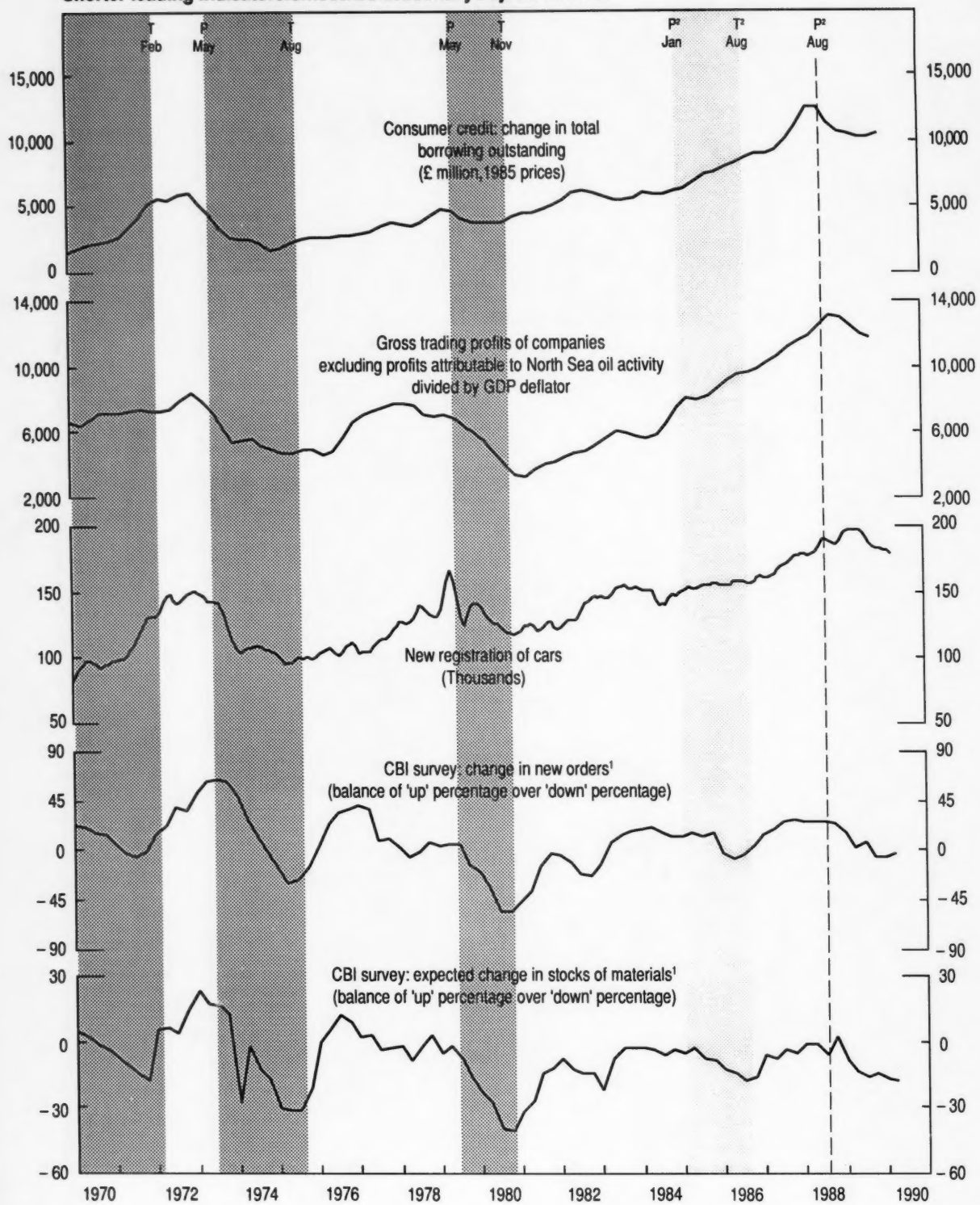
1.Seasonally adjusted by the CSO

2.Peak and trough less marked than previous peaks and troughs

---- Subject to revision due to trend re-estimation

Cyclical indicators by timing classification

Shorter leading indicators.Smoothed seasonally adjusted series

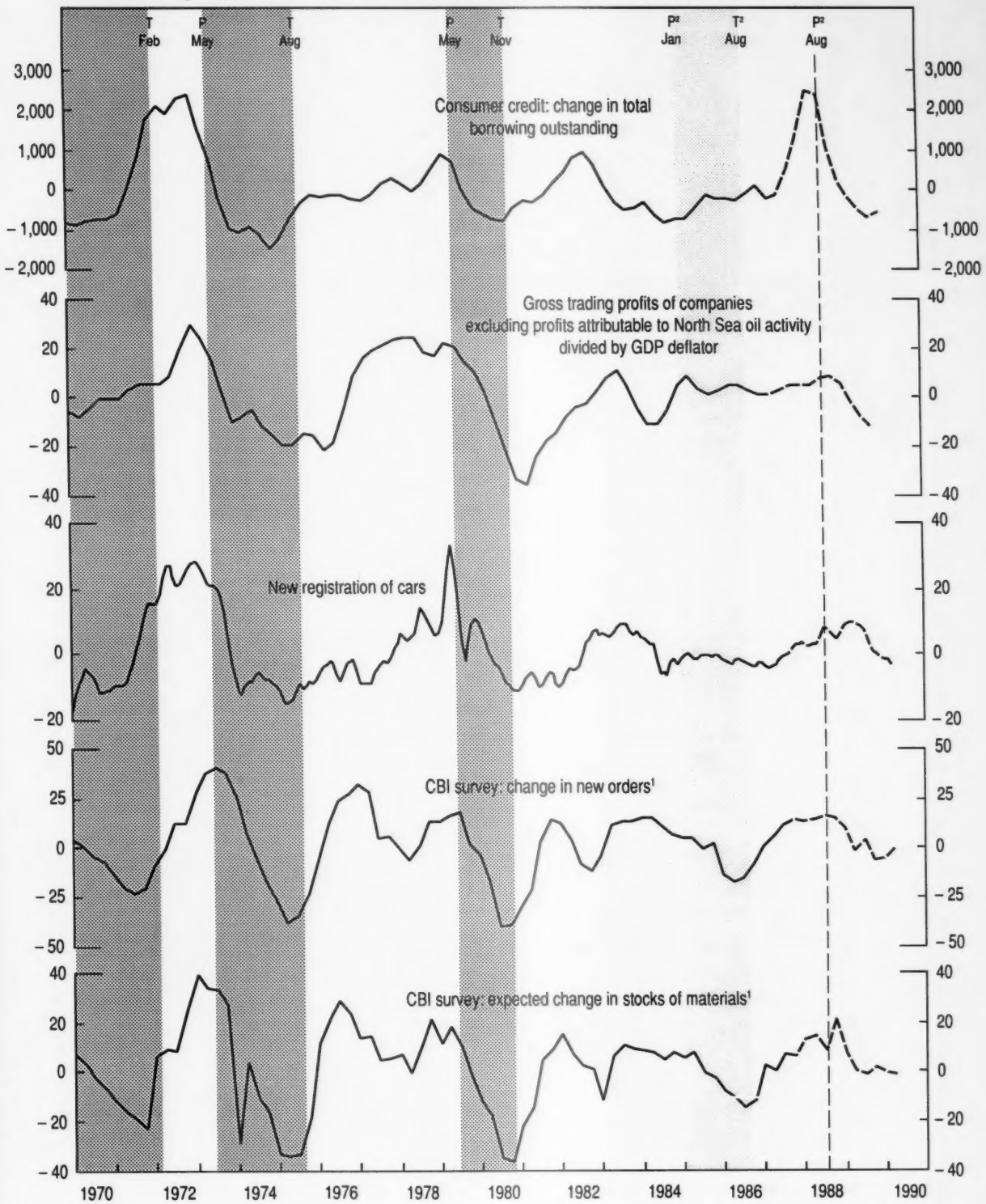


1.Seasonally adjusted by the CSO

2.Peak and trough less marked than previous peaks and troughs

Cyclical indicators by timing classification

Shorter leading indicators.Smoothed trend-eliminated series



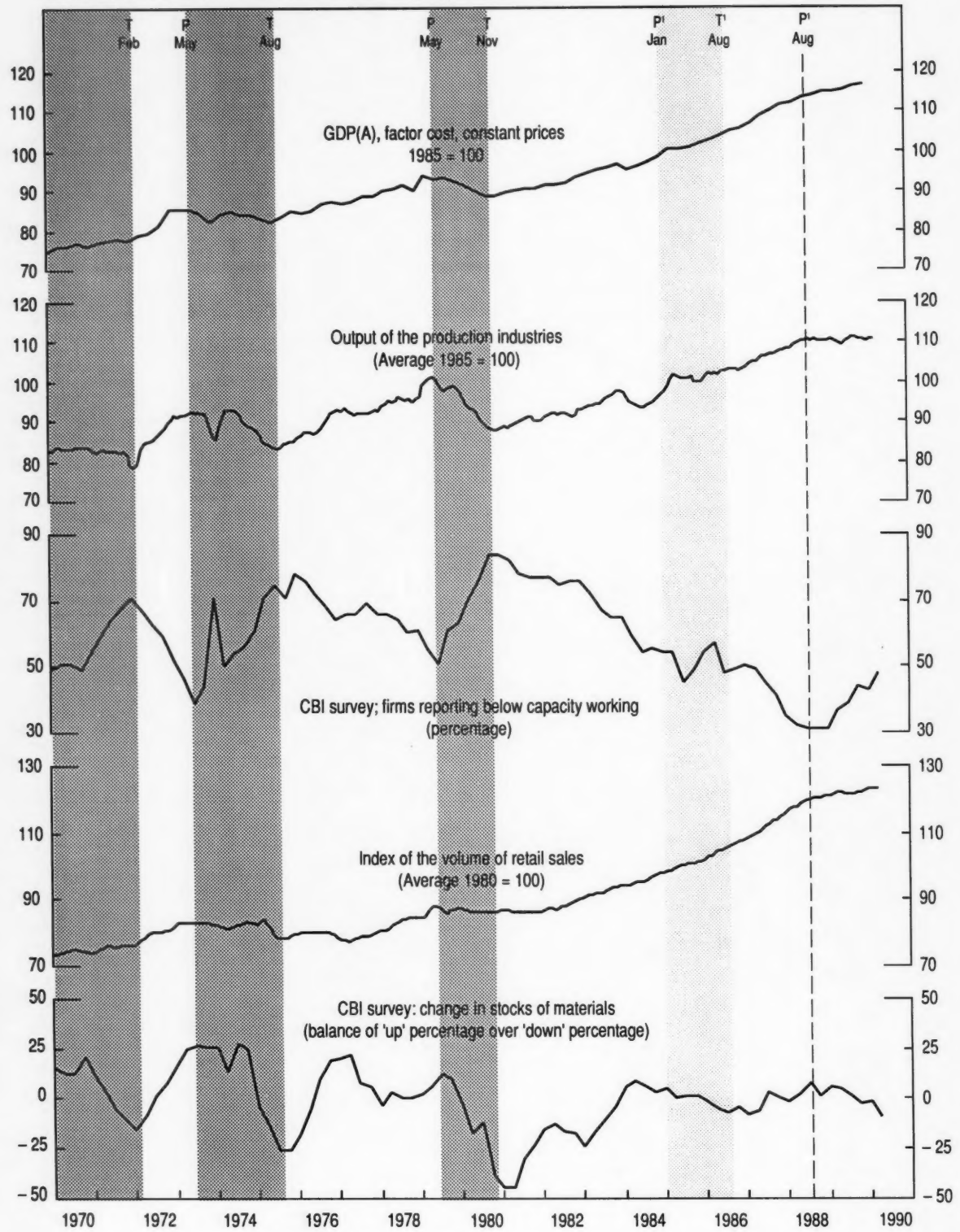
1.Seasonally adjusted by the CSO

2.Peak and trough less marked than previous peaks and troughs

– – – Subject to revision due to trend re-estimation

Cyclical indicators by timing classification

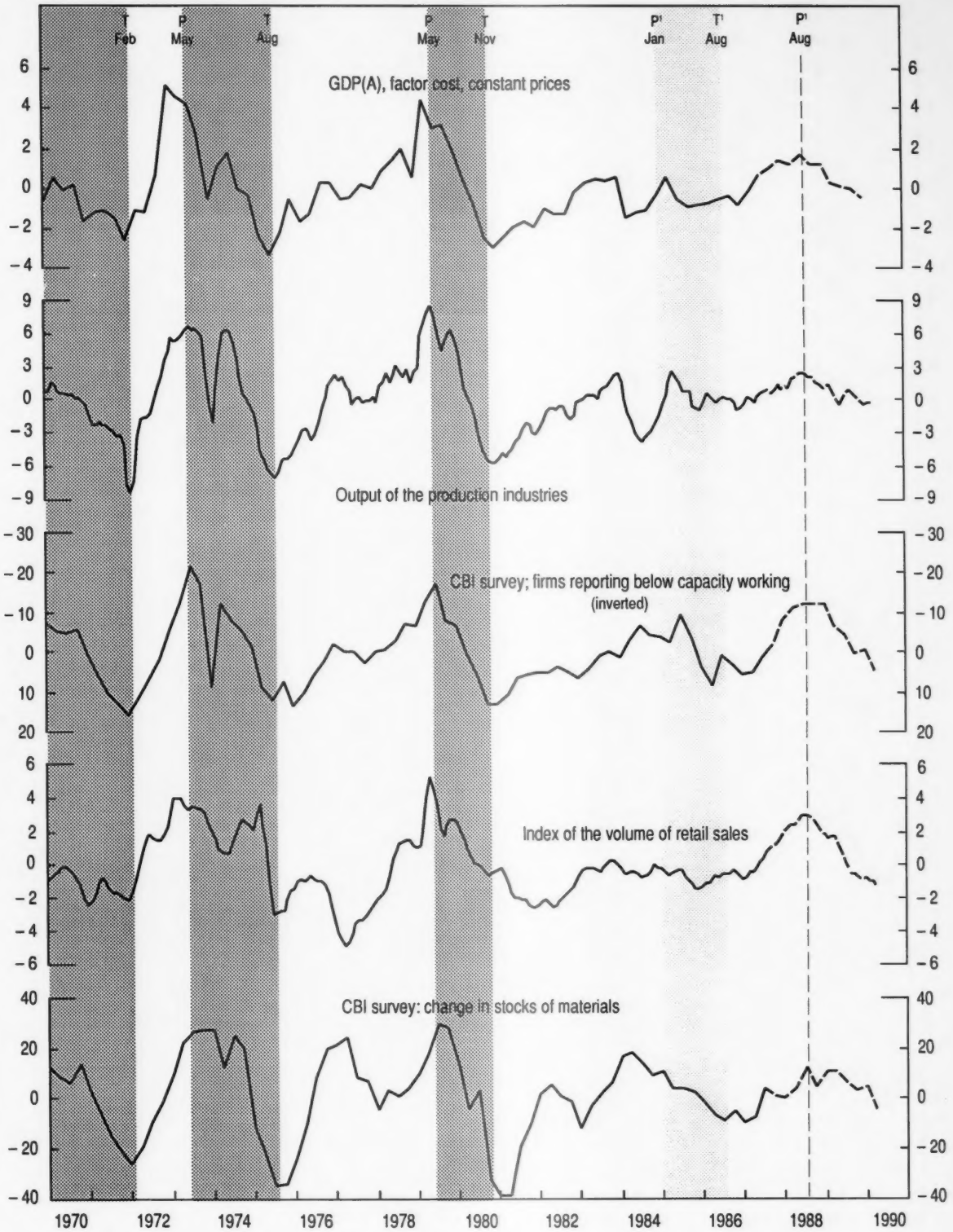
Coincident indicators. Smoothed seasonally adjusted series



1.Peak and trough less marked than previous peaks and troughs

Cyclical indicators by timing classification

Coincident indicators. Smoothed trend-eliminated series

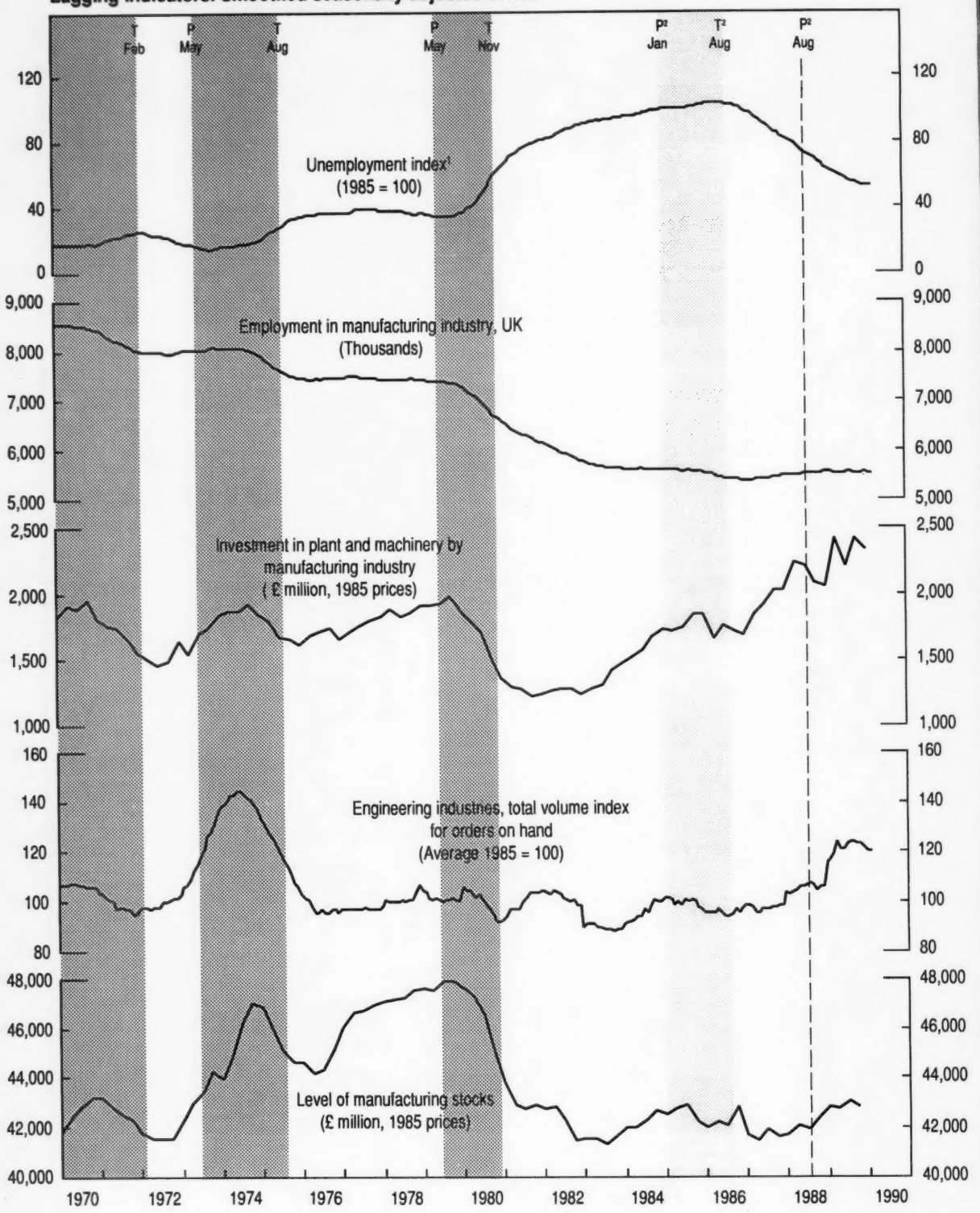


1.Peak and trough less marked than previous peaks and troughs

——— Subject to revision due to trend re-estimation

Cyclical indicators by timing classification

Lagging indicators. Smoothed seasonally adjusted series

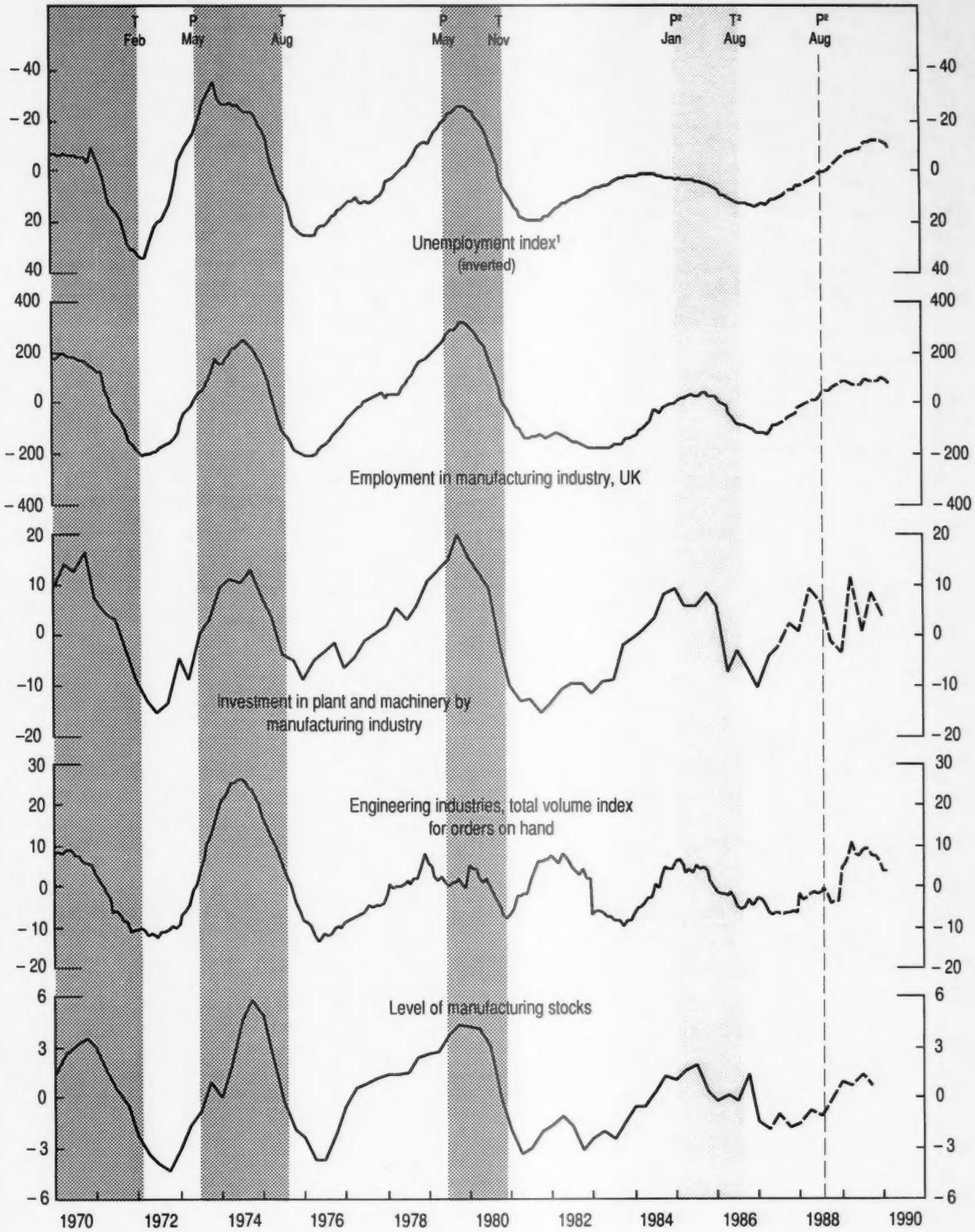


1.Adjusted for changes in the average of the count

2.Peak and trough less marked than previous peaks and troughs

Cyclical indicators by timing classification

Lagging indicators. Smoothed trend-eliminated series



1.Adjusted for changes in the average of the count

2.Peak and trough less marked than previous peaks and troughs

——— Subject to revision due to trend re-estimation

Table B - The indicators: their timing characteristics and data availability

		Latest data included	Timing relative to reference cycle dates[1] (-) leads (+) lags months		
			Median	Earliest	Latest
Indicators					
Longer leading					
Composite longer leading index	DKBR	April 1990	-12	-39	-3
Component series:					
Financial surplus/deficit, industrial and commercial companies, divided by GDP deflator (£m)	DKDJ	Q4 1989	-15	-39	+13
CBI quarterly survey: change in optimism[1] (percentage balance)	DKDK	Q2 1990	- 8	-34	- 4
Financial Times - Actuaries 500 share index[2] April 1962=100	DKDI	April 1990	- 8	-20	+ 9
Rate of interest, 3 months prime bank bills	DKDH	April 1990	-17	-28	- 5
Total dwellings started, Great Britain (Thous)	DKBW	March 1990	-12	-40	+ 2
Shorter leading					
Composite shorter leading index	DKBS	March 1990	- 4	-16	+ 3
Component series:					
Consumer credit: change in total borrowing outstanding £m, 1985 prices	DKCA	Q1 1990	- 6	-30	0
Gross trading profits of companies,excluding stock appreciation and mineral oil and natural gas extraction, divided by GDP deflator (£m)	DKDL	Q4 1989	-10	-27	+ 9
New car registrations (Thous)	DKBY	March 1990	- 4	-26	+ 7
CBI quarterly survey: change in new orders (percentage balance)	DKDM	Q2 1990	- 6	-28	0
CBI quarterly survey: expected change in stocks of materials (percentage balance)	DKDN	Q2 1990	- 5	-36	- 3
Coincident					
Composite coincident index	DKBP	April 1990	N/A	N/A	N/A
Component series:					
GDP(A) Factor Cost Constant prices, 1985=100	DKHJ	Q1 1990	0	- 15	+ 9
Output of the production industries (1985=100)	DVIM	March 1990	0	- 7	+ 1
CBI quarterly survey: below capacity[3] utilisation (percentage)	DKCE	Q2 1990	+ 1	- 4	+ 8
Index of volume of retail sales (1985=100)	FAAM	April 1990	0	-15	+20
CBI quarterly survey: change in stocks of[3] raw materials (percentage balance)	DKDO	Q2 1990	- 1	- 9	+ 5
Lagging					
Composite lagging index	DKBQ	March 1990	+ 10	+ 1	+17
Component series:					
Adult Unemployment index (1985=100)[2]	DKDP	April 1990	+ 6	+ 1	+20
Employment in manufacturing industries United Kingdom (thous)	DKDQ	March 1990	+ 9	+ 1	+26
Investment in plant and machinery, manufacturing industry (£m, 1985 prices)	DKCK	Q1 1990	+ 9	+ 1	+18
Engineering industries, volume index for orders on hand (Average 1985=100)	DKCJ	February 1990	+10	- 5	+16
Level of stocks and work in progress, manufacturing industry (£m, 1985 prices)	DKCI	Q4 1989	+12	+4	+21

All series seasonally adjusted, unless otherwise indicated.

Source: Central Statistical Office

1 Assessed on performance up to last identified peak, August 1988.
2 Adjusted for changes in coverage.
3 Not seasonally adjusted.

Measures of variability of selected economic series[1]

	Table	Period covered	Average percentage changes $\overline{CI}$	$\overline{I}$	$\overline{C}$	$\overline{I}/\overline{C}$	MCD or QCD	$\overline{I}/\overline{C}$ for MCD (or QCD) span
Quarterly series								
National income and components at 1985 prices								
GDP, factor cost								
Expenditure-based	2	Q1 1975 to Q2 1989	*1.1*	*0.7*	*0.8*	1.0	1	1.0
Income-based	2	Q1 1975 to Q2 1989	*1.1*	*0.6*	*0.8*	0.7	1	0.7
Output-based	2,17	Q1 1975 to Q2 1989	*1.0*	*0.4*	*0.8*	0.5	1	0.5
Average estimate	2	Q1 1975 to Q2 1989	*1.0*	*0.4*	*0.8*	0.5	1	0.5
Consumers' expenditure	3,4,5	Q1 1975 to Q2 1989	*1.2*	*0.6*	*0.9*	0.7	1	0.7
Fixed capital formation								
Total	3,9	Q1 1975 to Q2 1989	*2.4*	*1.4*	*1.6*	0.8	1	0.8
Manufacturing industry	10	Q1 1975 to Q2 1989	*3.8*	*2.0*	*2.8*	0.7	1	0.7
Stockbuilding[2]								
Total	3,13	Q1 1975 to Q2 1989	*590.6*	*416.4*	*347.4*	1.2	2	0.5
Manufacturing	13	Q1 1975 to Q2 1989	*346.5*	*215.8*	*189.5*	1.1	2	0.6
Exports: goods and services	3	Q1 1975 to Q2 1989	*2.4*	*1.7*	*1.5*	1.1	2	0.5
Imports: goods and services	3	Q1 1975 to Q2 1989	*3.1*	*1.7*	*2.3*	0.7	1	0.7
Real personal disposable income	4	Q1 1975 to Q2 1989	*1.4*	*1.0*	*1.0*	1.0	1	1.0
Other national income series								
Gross trading profits and trading surplus of corporate sector	34	Q1 1975 to Q2 1989	*6.1*	*3.1*	*4.5*	0.7	1	0.7
Other quarterly series								
Construction output[3]	18	Q1 1975 to Q2 1989	*2.1*	*1.3*	*1.4*	0.9	1	0.9
Public sector borrowing requirement[4]	32	Q1 1975 to Q2 1989	*962.6*	*741.9*	*447.7*	1.7	2	0.8
Personal saving ratio[5]	4	Q1 1975 to Q2 1989	*1.3*	*1.1*	*0.6*	1.6	2	0.6
Monthly series								
Retail sales (volume per week)								
Food retailers	6	Jan 1971 to Feb 1989	*0.9*	*0.8*	*0.3*	3.0	3	1.0
Mixed retail businesses	6	Jan 1971 to Feb 1989	*2.0*	*1.9*	*0.5*	3.8	4	1.0
Clothing and footwear retailers	6	Jan 1971 to Feb 1989	*2.4*	*2.3*	*0.6*	3.9	4	0.9
Household goods retailers	6	Jan 1971 to Feb 1989	*2.4*	*2.3*	*0.8*	2.9	4	0.9
Other non-food retailers	6	Jan 1971 to Feb 1989	*1.4*	*1.4*	*0.4*	3.5	4	0.9
Cars: new registrations	6	Jan 1980 to Dec 1989	*6.8*	*6.7*	*0.7*	10.3	6	1.6
Housing: public authorities[6]								
Starts	12	Jan 1958 to Dec 1987	*12.6*	*12.4*	*1.9*	6.5	6	1.2
Completions	12	Jan 1958 to Dec 1987	*8.8*	*8.7*	*1.3*	6.6	6	1.1
Housing: private[6]								
Starts	12	Jan 1958 to Dec 1987	*9.8*	*9.6*	*1.8*	5.3	6	1.0
Completions	12	Jan 1958 to Dec 1987	*6.2*	*6.2*	*1.0*	6.5	6	1.1
Index of industrial production:								
Production industries	1,16,17	Jan 1978 to Jun 1989	*1.1*	*1.0*	*0.4*	2.4	3	0.8
Manufacturing industries	16,17	Jan 1978 to Jun 1989	*1.4*	*1.3*	*0.4*	2.8	3	0.9
Passenger car production:								
Home market	19	Jan 1976 to Dec 1988	*6.9*	*6.6*	*1.4*	5.1	5	0.8
Export	19	Jan 1976 to Dec 1988	*12.9*	*12.5*	*2.7*	4.6	6	0.9
Commercial vehicle production:								
Home market	19	Jan 1976 to Dec 1988	*9.0*	*8.3*	*2.6*	3.2	4	0.6
Export	19	Jan 1976 to Dec 1988	*9.3*	*8.9*	*2.4*	3.7	4	0.6
Unemployed males - consistent series, 18 and over[7]	1,21	Jan 1971 to Aug 1989	*16.5*	*4.5*	*15.5*	0.3	1	0.3
Unemployed females - consistent series, 18 and over[7]	1,21	Jan 1971 to Aug 1989	*6.8*	*1.8*	*6.5*	0.3	1	0.3
Vacancies unfilled at job centres[7]	1,21	Apr 1978 to Sep 1989	*4.0*	*1.9*	*3.2*	0.6	1	0.6
Average earnings: whole economy	23	Jan 1980 to Jan 1988	*0.9*	*0.5*	*0.7*	0.7	1	0.7
Exports: value, f.o.b.[8]	27	Jan 1980 to Dec 1988	*3.2*	*3.0*	*0.9*	3.3	3	0.5
Imports: value, f.o.b.[8]	27	Jan 1980 to Dec 1988	*3.9*	*3.5*	*1.4*	2.5	2	0.9
Money stock - £M0[9]	29	Jun 1969 to May 1989	*0.8*	*0.5*	*0.6*	0.9	1	0.9
Money stock - £M4[9]	1,29	Jun 1982 to May 1989	*1.17*	*0.4*	*1.2*	0.3	1	0.3

1 For a complete description of these measures see article 'Measuring variability in economic time series' in *Economic Trends*, No 226, August 1972.
The following are brief definitions of the measures.
$\overline{CI}$ is the average month to month (quarter to quarter for quarterly series) percentage change without regard to sign, in the seasonally adjusted series.
$\overline{C}$ is the same for the trend component, a smooth flexible moving average of the seasonally adjusted series.
$\overline{I}$ is the same for the irregular component, obtained by dividing the trend component into the seasonally adjusted series, except for those series which are seasonally adjusted using an additive model, see footnotes 2,4,5 and 8.
$\overline{I}/\overline{C}$ is therefore a measure of the size of the relative irregularity of the seasonally adjusted series.
The average changes $\overline{I}$ and $\overline{C}$ can also be computed successively over spans of increasing numbers of months (quarters). MCD (QCD), months (quarters) for cyclical dominance, is the shortest span of months (quarters) for which $\overline{I}/\overline{C}$ is less than 1 and therefore represents the minimum period over which changes in the trend are, on average, greater than the irregular movement.
MCD cannot exceed 6 even if $\overline{I}/\overline{C}$ exceeds 1 for 6-month periods.

2 The figures in the table were obtained from an additive analysis of stock changes so $\overline{CI}$, $\overline{I}$ and $\overline{C}$ are not percentage changes but differences in units of £ million. At present, seasonal adjustment of the published stocks series is performed multiplicatively on the level of stocks.

3 Series relates to Great Britain.

4 The seasonal adjustment is additive, so the figures for $\overline{CI}$, $\overline{I}$ and $\overline{C}$ are differences in units of £ million.

5 The figures in the tables were obtained from an additive analysis of the personal saving ratio so $\overline{CI}$, $\overline{I}$ and $\overline{C}$ are differences in percentage points.

6 Series relate to Great Britain, though variability measures calculated from England and Wales component.

7 Series relate to Great Britain and may be found in Tables 2.2 and 3.2 of *Employment Gazette*.
The seasonal adjustment is additive, so the figures for $\overline{CI}$, $\overline{I}$ and $\overline{C}$ are not percentage changes but differences in units of thousands.

8 The figures have been updated as described in an article in *Economic Trends*, No 320, June 1980.

9 As the irregular component for £M0 and £M4 levels is obtained by subtraction of the trend rather than by division, the figures for $\overline{CI}$, $\overline{I}$ and $\overline{C}$ are expressed as percentages of the trend level in the preceding month.

Source: Central Statistical Office

THE EFFECTS OF TAXES AND BENEFITS ON HOUSEHOLD INCOME, 1987

The main points are:

(1) The effect of government expenditure and taxation is to reduce the differences in income amongst households. In 1987 taxes and benefits (including NI pensions) increased the share of total income of the bottom fifth of households from 2.1 per cent of original income to 7.6 per cent of post-tax income. Cash benefits play the largest part in reducing income differences.

(2) The joint impact of taxes and benefits is greatest for retired households and for those non-retired households containing no economically active people.

(3) Equivalisation of income (ie adjusting income for household size and composition) is used extensively in ranking the households for the first time this year. The main effect is that small households are no longer concentrated at the bottom of the income distribution, nor are larger households concentrated at the top.

Introduction

The aim of this analysis is to examine how the distribution of income amongst households in the UK is modified as a result of Government expenditure and taxation. During 1987 the Government raised and spent £168 billion; most of this revenue was raised, directly or indirectly, from UK households who also benefited, directly or indirectly, from the associated Government expenditure. Although greater equality of incomes is not necessarily a primary aim of this process, it is nevertheless one of its consequences. The article is the latest in an annual series published in *Economic Trends* since the early 1960s. Each year the article covers the same main ground but also has a special topic.

This year we have made some fundamental changes to the article after reviewing the methodology behind the analysis - the first such review for over 10 years. As part of this review, we have decided to produce the article on an equivalised basis ie adjusting income to take account of household size and composition. Equivalisation is used in the ranking process, for percentage shares and when calculating Gini coefficients: but the tables show incomes and taxes in ordinary £ a year **not** equivalised £ a year. The effects of equivalisation form this year's special topic.

Equivalisation

Equivalisation means adjusting household income to allow for household size and composition (to recognise different needs). A household of five adults needs a higher income than a single person living alone to achieve the same 'standard of living'. A distribution of equivalised income, where all households are put on an equal footing regardless of size or composition, thus provides a more meaningful way of comparing the income of households. For example: consider two married couples, the Jones with no children and the Smiths with two children (aged 3 and 5), both earning £15,000 a year. The Jones have an equivalence factor of 1.00 whereas the Smiths have a factor of 1.39 (where the 0.39 accounts for the children). The Smiths have a lower equivalised income at £10,791 (= £15,000/1.39) than the Jones at £15,000 (= £15,000/1.00).

The contents are as follows:

Part I	Detailed description of results for 1987 for all households, and for retired and non-retired households separately.
Part II	The effects of equivalisation.
Appendix 1	Detailed tables with fine breakdown of income components for quintile and decile groups, and results for different types of household.
Appendix 2	Methodology and definitions.
Appendix 3	Changes in the methodology this year.
Appendix 4	Selection of tables on the old basis.

The main data source is the annual Family Expenditure Survey (FES). Since this article is based on a sample survey, its results are subject to sampling errors. These are generally larger for the smaller household groups (further details on sampling errors and reliability are given in Appendix 2). The unit of analysis is the household, rather than the person or tax unit. This analysis gives a snapshot of households at various stages in their lifecycles: nearly everyone has less income when elderly than at their peak earning age. The monetary values in the tables in the main body of the article are rounded to the nearest £10.

The figures in each year's article are free standing and are not intended to be used as part of a time series with figures from earlier articles. The FES changes slightly each year, and no special effort has been made in the past to ensure a fully-consistent time series. The major changes to the methodology this year mean that the 1987 figures are completely incompatible with those for earlier years. As a special exercise, we intend to produce a consistent time series (as consistent as the changing FES will allow) for a small number of tables in the next article. This series will be calculated retrospectively and on the new basis, not a further continuation of the old series.

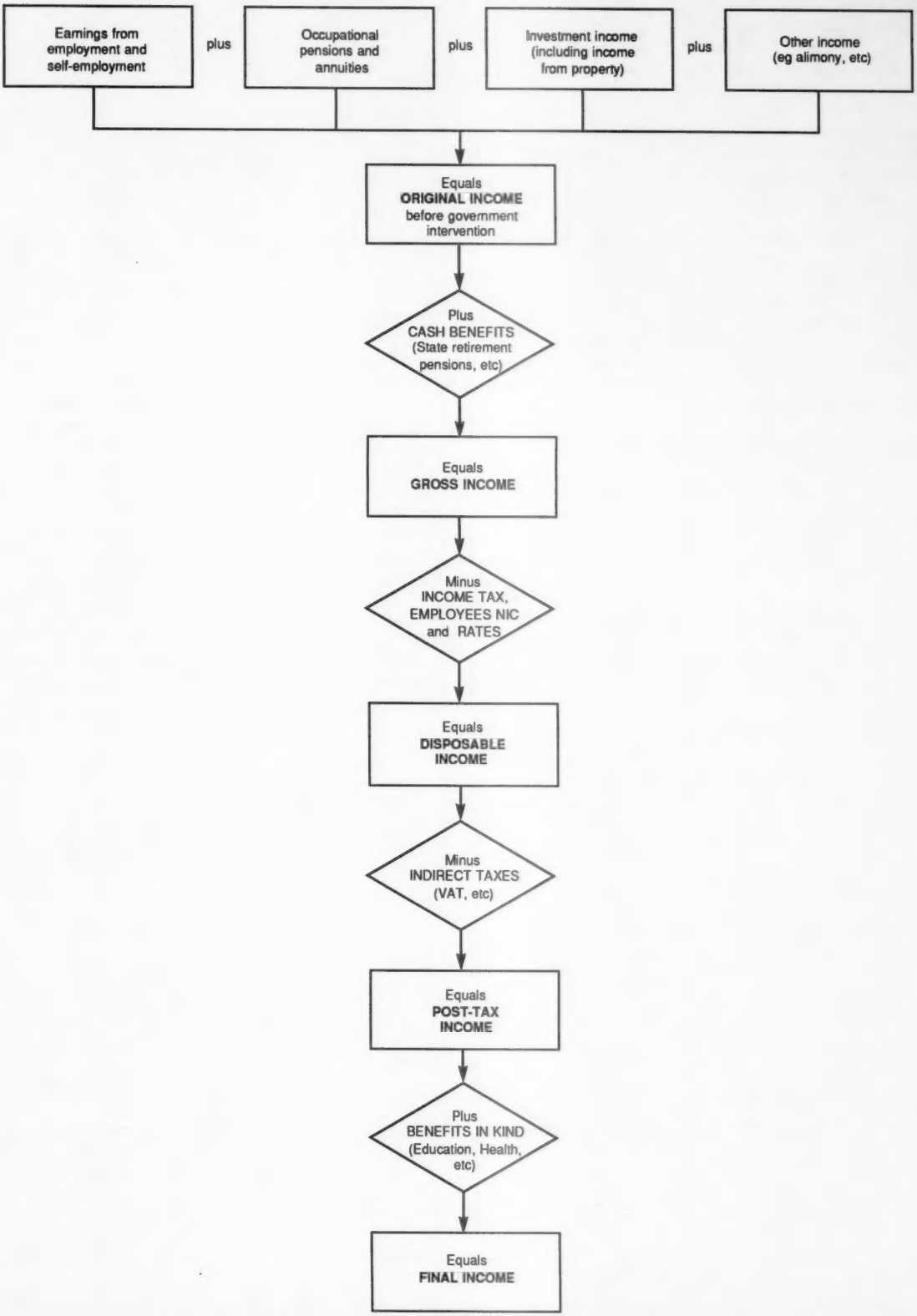
Summary of methodology and sources

Chart 1 illustrates the stages of redistribution which form the structure of this analysis. Initially, households receive income from various non-governmental sources: from their employment (wages and salaries; self-employment income); from occupational pensions; from their investments and from other households (eg alimony payments). Total income from these sources constitutes original income. The flow chart shows the various ways in which Government then raises revenue from households and distributes benefits to them both in cash and in kind.

The main source of data for this analysis is the Family Expenditure Survey (FES) 1987. This is a continuous household survey which collects information on the income, expenditure and direct tax payments of each household member aged 16 years and over, and on household composition and other characteristics such as tenure. In 1987 some 7,400 households participated in the UK - about 1 in every 3,000 households. The response rate was 72 per cent in Great Britain: the FES in Northern Ireland is a separate exercise to the rest of UK, with a much larger sampling fraction, and only a proportion of these cases go into the UK analysis. Studies have indicated that

CHART 1

Stages of redistribution


Earnings from employment and self-employment
plus
Occupational pensions and annuities
plus
Investment income (including income from property)
plus
Other income (eg alimony, etc)
Equals ORIGINAL INCOME before government intervention
Plus CASH BENEFITS (State retirement pensions, etc)
Equals GROSS INCOME
Minus INCOME TAX, EMPLOYEES NIC and RATES
Equals DISPOSABLE INCOME
Minus INDIRECT TAXES (VAT, etc)
Equals POST-TAX INCOME
Plus BENEFITS IN KIND (Education, Health, etc)
Equals FINAL INCOME

the FES suffers from some non-response bias, for example through under-representation of the very top of the income distribution, the elderly and the self-employed. However, in general, comparisons of survey results over successive years justify confidence in their general reliability, and examination of the characteristics and expenditure and income patterns of various groups of households shows a high degree of internal consistency. The data presented in this article have not been reweighted to take account of non-response bias.

The data on household income, cash benefits, income tax, National Insurance contributions and domestic rates are used directly from the FES. In contrast, the figures for indirect taxes (eg VAT, duty on beer) and benefits in kind (eg from state education) are calculated using an imputation process - which uses FES data, for example on households' expenditure and characteristics. This imputation process is carried out within the framework of the National Accounts aggregates, and involves many assumptions (for example on incidence and grossing up for non-response). Some of these assumptions are doubtful, and hence the results of this part of the analysis are subject to a wide margin of error. Tables 1 and 2 in Appendix 1 give government expenditure and its financing for 1987, derived from the National Accounts. Appendix 2 gives more detail on the methodology.

Summary of changes to this year's analysis

The following list gives the changes made to this year's analysis as a result of the special review of methodology:

- equivalisation is used extensively in ranking the households for the first time.

- household income now ranked using only one measure (ie **equivalised** disposable income).
In previous articles, income was ranked by original, disposable and gross income in various tables.

- original income no longer includes free meals and food from employer.

- disposable income re-defined to be exclusive of domestic rates (in anticipation of community charge data being available for 1989)

- new definition of a 'child' (to be in line with other Government departments)

- domestic rates now shown in full ie. before any rebates which are now shown as a cash benefit (as part of housing benefit). In previous articles, domestic rates were shown net of rebates and these rebates were excluded from cash benefits.

Further details are given in Appendix 3, and Appendix 4 gives a selection of tables on the old basis - so that readers can gauge the effects of the changes. Equivalisation has by far the greatest impact.

PART I

RESULTS FOR ALL HOUSEHOLDS

The level of original income varies widely between households. Table A shows this and other income measures for quintile groups ranked by equivalised disposable income (the lowest quintile group contains the 20 per cent of households with the lowest equivalised disposable incomes). In the lowest quintile group the average number of economically active people is 0.3 and hence the average original income is low (£1,220 per annum). In the highest quintile group, there are an average of 1.7 economically active people and average original income is £25,470. In the lowest quintile group, nearly half of the households are retired (Table B) - defined as households where at least half the total gross income comes from retired people - and the majority of these have virtually no original income since the state retirement pension (including any graduated or additional pension) is a cash benefit.

Summary of the effects of taxes and benefits, 1987

TABLE A

	Quintile groups of households ranked by equivalised disposable income					
	Bottom	2nd	3rd	4th	Top	All households
Average per household (£ per year)[1]						
Original income	1 220	3 850	9470	14 510	25 470	10 900
plus cash benefits	3 170	2 780	1 870	1 070	670	1 910
Gross income	4 400	6 630	11 340	15 580	26 140	12 820
less direct taxes[2] and employees' NIC	580	1 060	2 240	3 430	6 400	2 740
Disposable income	3 810	5 570	9 100	12 150	19 740	10 070
less indirect taxes	1 040	1 300	2 120	2 590	3 180	2 050
Post-tax income	2 780	4 260	6 980	9 550	16 560	8 030
plus benefits in kind	2 040	1 820	1 890	1 520	1 100	1 670
Final income	4 820	6 080	8 870	11 070	17 660	9 700
Average per household (number)						
Children[3]	0.7	0.6	0.8	0.6	0.4	0.6
Adults	1.7	1.7	2.1	2.1	2.0	1.9
Persons	2.4	2.3	2.9	2.7	2.3	2.5
People in full-time education	0.6	0.5	0.6	0.5	0.3	0.5
Economically active people	0.3	0.7	1.4	1.7	1.7	1.2
Retired people	0.7	0.7	0.4	0.2	0.2	0.4

1 All the tables in Part I of this article show unequivalised income: equivalised income has only been used in the ranking process to produce the quintile groups (and to produce the percentage shares and Gini coefficients).
2 After tax relief at source on mortgage interest and life assurance premiums and including gross domestic rates.
3 Children are defined as persons aged under 16 or aged between 16 and 18, unmarried and receiving non-advanced further education.

The composition of each quintile group of households, 1987

TABLE B

	Quintile groups of households ranked by equivalised disposable income					All households
	Bottom	2nd	3rd	4th	Top	
Percentages						
Household type						
Retired	48	46	18	11	8	26
Non-retired						
1 adult	7	8	9	12	18	11
2 adults	8	9	18	25	40	20
1 adult with children[1]	9	6	2	1	-	4
2 adults with children	19	21	33	29	20	24
3 or more adults[2]	8	10	20	22	14	15
Total	100	100	100	100	100	100

1 This group is smaller than the category of "one parent families" because some of these families will be contained in larger household types.
2 With or without children.

Chart 2 illustrates the declining importance of cash benefits in gross income from the virtual dependence of the lowest quintile group to a minor income source for the top quintile group.

Chart 3 shows how the dispersion of incomes is reduced at each stage of the tax-benefit system, so that the average final income for each quintile group ranges from £4,820 to £17,660, a ratio of about 1:4 compared with the ratio for original incomes of about 1:20.

An alternative way to illustrate the extent of income redistribution is to examine how income shares are modified by the tax-benefit system (Table C). For example, households in the highest quintile group (when ranked by equivalised disposable income) receive 50 per cent of all original income. After taking into account cash benefits, this same group's share falls to 43 per cent. At the other end of the scale, the share of the lowest quintile group rises from 2.1 per cent to 7.5 per cent. A further, but comparatively smaller, compression of the income distribution occurs at the stage of disposable income, but this is reversed after indirect taxes are taken into account. This table is now calculated using equivalised incomes, and hence 'final income' has not been included: it would be inappropriate to equivalise this income measure because of its substantial non-spendable elements eg benefits from education.

The Gini coefficient is the most widely used summary measure of the inequality of the distribution of income (see paragraph 37 of Appendix 2). It takes values between 0 and 100 per cent - the higher values indicating greater inequality. In this article, Gini coefficients are now calculated using equivalised incomes (using the same equivalence scale that is applied to equivalise disposable income). The reduction from 51 per cent to 36 per cent shown in Table C shows that cash benefits produce the largest reduction in income inequality.

Attention has already been drawn to the preponderance of retired households in the lower ranges of the distribution of original income; nearly half of the households in the bottom two quintile groups are retired (Table B). The income pattern of the retired is very different from that of households whose head is of working age, as is their expenditure pattern (which is reflected in their indirect tax payments). For this reason in the detailed examination of each stage of the tax-benefit system which follows, retired and non-retired households are analysed separately.

CHART 2

Sources of gross income, by quintile groups of equivalised disposable income, 1987

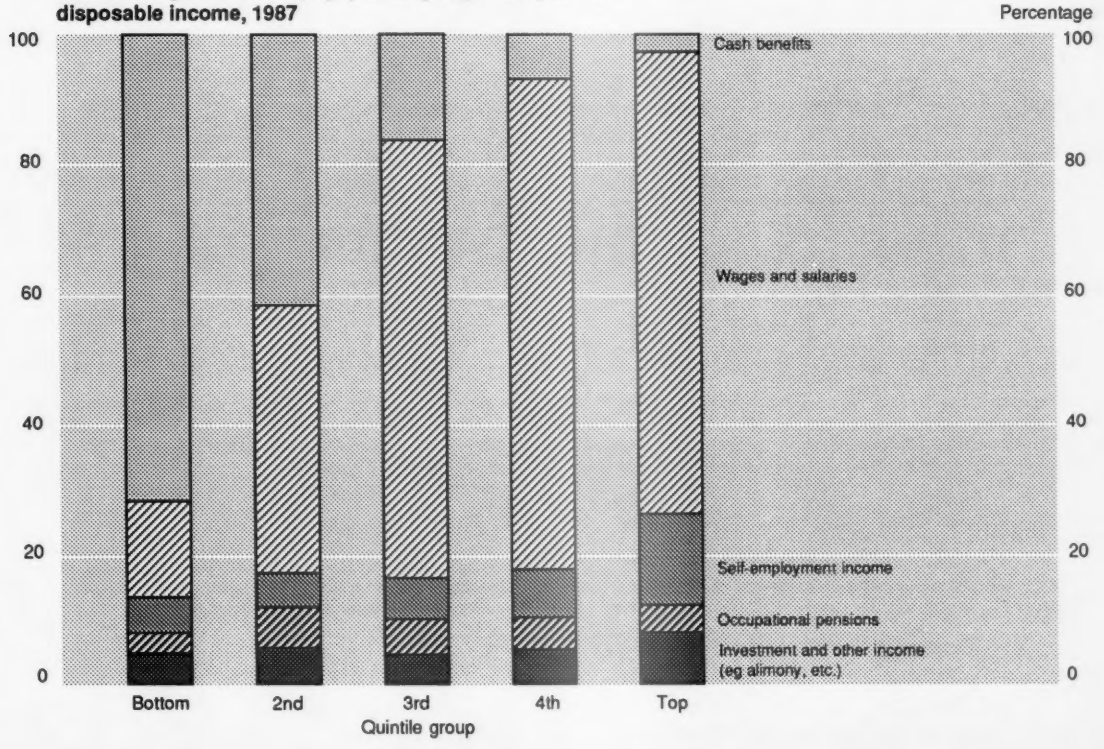
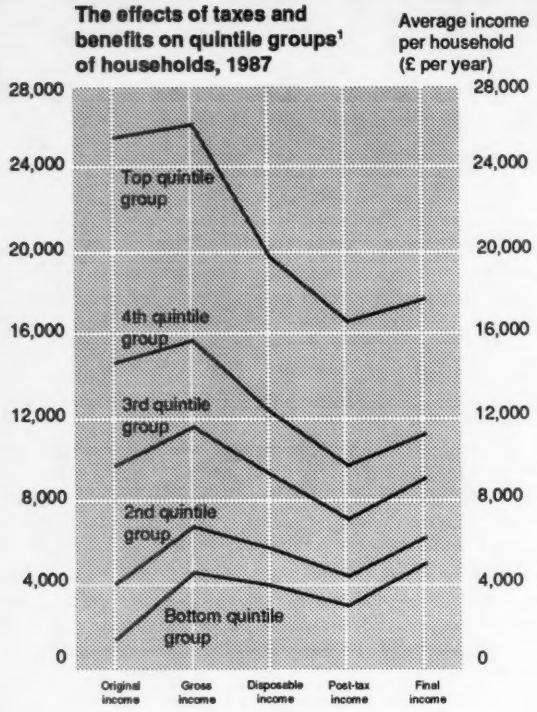


CHART 3

The effects of taxes and benefits on quintile groups[1] of households, 1987



1. Households are ranked throughout by their equivalised disposable incomes

Percentage shares of total household income and Gini coefficients[1], 1987

TABLE C

	Percentage shares of total equivalised income for households ranked by equivalised disposable income			
	Original income	Gross income	Disposable income	Post-tax income
Quintile group				
Bottom ..	2.1	7.5	8.2	7.6
2nd	7	11	12	12
3rd	16	16	16	16
4th	25	23	23	22
Top	50	43	41	43
All households	100	100	100	100
Decile group				
Bottom ..	0.8	3.3	3.5	3.1
Top	32	27	26	27
Gini coefficient (percent) ..	51	36	33	36

1 This is a measure of the dispersion of each definition of income. Unlike the percentage shares analysis where the household incomes are ranked only once, the Gini coefficient calculation needs a separate ranking for each income definition. For example, the coefficient for original income is produced by first equivalising the original income of all the households, then this distribution is ranked and this ranked distribution is used to calculate the coefficient.

RESULTS FOR NON-RETIRED HOUSEHOLDS

Original income

The distribution of original income amongst non-retired households is more equal than amongst all households, ranging from an average of £2,760 per annum in the lowest quintile group to £27,700 in the highest (Table D), a ratio of 1:10 compared to the ratio of 1:20 for the distribution over all households. There is a fairly strong relationship between the original income of a household and the number of economically active people it contains and Table K (at the end of this section) gives a breakdown by the number of economically active people per household. There is also a strong relationship between the number of children per household and income: the number of children falls steadily as income rises.

Summary of the effects of taxes and benefits on non-retired households, 1987

TABLE D

	Quintile groups of non-retired households ranked by equivalised disposable income					All house-holds
	Bottom	2nd	3rd	4th	Top	
Average per household (£ per year)						
Original income	2 760	8 400	12 670	17 070	27 700	13 720
plus cash benefits	3 050	1 840	1 180	720	480	1450
Gross income	5 810	10 240	13 850	17 790	28 180	15 170
less direct taxes[1] & employees' NIC	840	1 970	2 920	4 040	6 890	3330
Disposable income	4 970	8 270	10 930	13 740	21 290	11 840
less indirect taxes	1 400	2 060	2 430	2 810	3 350	2410
Post-tax income	3 560	6 210	8 500	10 930	17 940	9 430
plus benefits in kind	2 680	2 040	1 850	1 450	1 040	1 810
Final income	6 250	8 250	10 350	12 380	18 980	11 240
Average per household (number)						
Children[2]	1.3	1.1	0.8	0.6	0.4	0.8
Adults	1.9	2.1	2.2	2.2	2.0	2.1
Persons	3.2	3.2	3.0	2.8	2.3	2.9
People in full-time education	1.1	0.8	0.7	0.5	0.3	0.7
Economically active people	0.7	1.5	1.8	2.0	1.8	1.6
Retired people	0.1	0.1	0.1	0.1	0.1	0.1

1 After tax relief at source on mortgage interest and life assurance premiums and including gross domestic rates.
2 Children are defined as persons aged under 16 or aged between 16 and 18, unmarried and receiving non-advanced further education.

Cash benefits

Cash benefits are of two types: contributory, paid from the National Insurance Fund to which individuals and their employers make contributions while working, and non-contributory (Table E). For non-retired households, non-contributory benefits form the most important source of cash benefit income. An important item, child benefit, is biased towards the bottom of the income distribution, in proportion to the number of children per household (Table D). The other non-contributory benefits are mainly income-related, in particular Supplementary Benefit (now Income Support), and so payments are concentrated in the lowest quintile group, although the presence of some individuals with low incomes in high income households means that some payments are recorded further up the income distribution. Most contributory benefits, for which contribution records rather than income are the criteria for payment, are highest for the second quintile group. On average, cash benefits formed 10 per cent of the gross income of non-retired households: their payment resulted in a significant reduction in income inequality.

Average value of cash benefits for each quintile group of non-retired households, 1987

TABLE E

	Quintile groups of households ranked by equivalised disposable income					All households
	Bottom	2nd	3rd	4th	Top	
Average per household (£ a year)						
Contributory						
Retirement pension	120	270	260	110	110	180
Sickness/ injury related ..	180	230	120	100	60	140
Unemployment benefit ..	150	90	70	60	40	80
Other	60	70	50	50	40	60
Total contributory	510	660	500	330	250	450
Non-contributory						
Supplementary benefit ..	1 170	320	110	40	30	330
Child benefit	490	410	320	230	140	320
Housing benefit	610	180	70	10	20	180
Sickness/ disablement related	100	160	100	50	20	90
Other	160	120	90	60	20	90
Total non-contributory ..	2 540	1 190	680	390	230	1 000
Total cash benefits	3 050	1 840	1 180	720	480	1 450
Cash benefits as a percentage of gross income	53	18	8	4	2	10

Income tax, NI contributions and domestic rates

Both income tax payments and employees' National Insurance contributions are closely related to the size of original income. The payments by households of employees' National Insurance contributions in particular vary with the number of persons in employment and with their earnings. However, since National Insurance contributions are only calculated on the first £295 of weekly earnings (the ceiling in operation during most of 1987), households in the top quintile group pay rather less in contributions as a percentage of gross income than the middle 60 per cent of households (Table F).

Income tax, employees' NIC and domestic rates as percentages of gross income for each quintile group of non-retired households, 1987

TABLE F

	Quintile groups of non-retired households ranked by equivalised disposable income					All households
	Bottom	2nd	3rd	4th	Top	
Percentages						
Income tax[1]	4.3	9.6	11.8	14.0	17.7	13.7
Employees' NIC	2.5	5.2	5.7	5.8	4.5	5.0
Domestic rates	7.6	4.4	3.5	3.0	2.2	3.3
Total	14.4	19.2	21.1	22.7	24.5	22.0

1 After tax relief at source on mortgage interest and life assurance premiums.

In 1987 over one-third of working age individuals had insufficient income to pay income tax, and marginal tax rates for taxpayers ranged from 27 per cent to 60 per cent. The analysis of households when ranked by equivalised disposable income shows a much less progressive tax system. Average rates are 4.3 per cent in the lowest quintile, rising steadily to 17.7 per cent in the highest quintile. This results from grouping individuals in the same households, from ranking households by equivalised disposable income, and from calculating average income tax rates on gross income (instead of taxable income).

For domestic rates, before the deduction of rate rebates (which are treated as a cash benefit), the level of payments is quite regressive - the average percentage falling steadily as income rises.

Indirect taxes

In total, indirect taxes expressed as a proportion of disposable income fall as disposable income rises (Table G), ranging from 28 per cent in the bottom quintile group to 16 per cent in the highest, though the highest quintile pay most in indirect taxes in absolute terms. However, individual taxes have divergent effects.

VAT, tobacco duty, beer duty and intermediate taxes (see box below) all fall as a percentage of disposable income as income rises. The fall in tobacco duty payments as a percentage of income is particularly marked. For expenditure items relating to motoring (ie car tax and duty on hydrocarbon oils), the tax as a proportion of income is similar for the bottom four quintile groups but much lower for the top group.

INTERMEDIATE TAXES

Some indirect taxes, such as VAT and excise duties on petrol, alcohol, tobacco, etc have a direct effect on the final price of goods and services. However, the producers of these goods and services also incur costs such as employers' National Insurance contributions, non-domestic rates, and duty on hydrocarbon oils, part of which they may pass on to households in the price of their products. These are called intermediate taxes.

Indirect taxes as a percentage of disposable income for each quintile group of non-retired households, 1987

TABLE G

	Quintile groups of non-retired households ranked by equivalised disposable income					All households
	Bottom	2nd	3rd	4th	Top	
Percentages						
VAT	8.8	8.5	7.9	7.6	6.2	7.4
Duty on beer	1.2	1.1	1.0	1.0	0.6	0.9
Duty on wines and spirits	0.7	0.8	0.9	0.9	0.9	0.9
Duty on tobacco	5.5	3.7	2.4	1.7	0.8	2.1
Duty on hydrocarbon oils	1.7	1.9	1.8	1.8	1.3	1.6
Car tax and vehicle excise duty	1.0	1.0	1.1	1.1	0.8	1.0
Other taxes on final goods and services	2.1	1.8	1.5	1.3	1.1	1.4
Intermediate taxes	7.2	6.1	5.5	5.1	4.1	5.1
Total[1]	28.3	24.9	22.2	20.4	15.7	20.4

1 The corresponding figures using total expenditure as the denominator are: 20.9, 22.9, 22.2, 21.9, 19.8 (top group) and 21.4 per cent.

Although some indirect taxes are less regressive than others, Table G shows that the impact of virtually all the indirect taxes declines for the top quintile group compared with the fourth quintile group. This is so partly because it is likely that higher income households spend a smaller proportion of their income than households with smaller incomes. If the incidence of indirect taxes, were to be expressed in terms of expenditure rather than income, they can be shown to be rather less regressive.

Benefits in kind

Government current expenditure in providing certain goods and services to households either free at the time of use or at subsidised prices is converted by imputation into the equivalent of an income flow to individual households in order to arrive at final income. The largest two items for which such imputations are made are the health and education services, which together accounted for 21.6 per cent of total general government expenditure in 1987. Other items for which imputations are made are school meals and welfare milk, the housing subsidy and travel subsidies, together accounting for a further 1.9 per cent of general government expenditure.

Average value of benefits in kind for each quintile group of non-retired households, 1987

TABLE H

	Quintile groups of non-retired households ranked by equivalised disposable income					All households
	Bottom	2nd	3rd	4th	Top	
Average per household (£ a year)						
Education	1 510	1 040	910	620	330	880
National health service	880	860	820	720	590	770
Housing subsidy	130	70	40	30	10	60
Travel subsidies	30	40	50	60	90	50
School meals and welfare milk	130	30	20	10	10	40
Total	2 680	2 040	1 850	1 450	1 040	1 810
Benefits in kind as a percentage of post-tax income	75	33	22	13	6	19

Education benefit to individual households is imputed by reference to the number of pupils and students in the households (students living away from home are not included as part of their parents' household), and to the type of education they are receiving, though no allowance is made for differing costs between local authorities. The bottom quintile group contains the highest number of children and consequently the highest number of those in full-time education (Table D). This is the main reason for this quintile group being allocated the highest average imputed benefit (Table H). Another important factor is the presence of the majority of student-only households, for whom the costs of education are greatest. Similarly the impact of expenditure on school meals and welfare milk is greatest in the lower income groups where children are more likely to take school meals and have them provided free of charge.

Data are available on the average cost to the Exchequer of providing the various types of health care - hospital inpatient/outpatient care, GP consultations, dental services etc - and it is possible to estimate the use made of each service on average by individuals of different age and sex. Using this information, an imputed benefit from the health service can be allocated to each individual in the FES sample. These benefits are then aggregated for members of the household to yield figures on a household basis, so that not only the sex and age composition but also the size of the household determines the attribution of health service benefits.

Age and sex are by no means the only possible determinants on which to base the allocation, but age is certainly a very important factor. Data availability also limits the choice of determinants - the FES collects little information on health or use of health services. Table H indicates that these benefits decline steadily with income.

Housing subsidy is the sum of Exchequer subsidy and local authority determined rate fund contributions to the housing revenue account. Thus housing subsidy as defined here has been spread between public sector tenants, and since such households tend to be concentrated in the lower half of the income distribution this is where the subsidy is highest. In these articles, tax relief on mortgage interest is treated as an adjustment to income tax, not as part of the housing subsidy analysed in Table H.

Travel subsidies cover the passenger element of the grants made to various public transport operations covering both buses and railways. The use of public transport by non-retired households is partly related to the need to travel to work and thus to the number of economically active people in a household and so the combined effect of these travel subsidies increases over the income distribution. The heavy use of railways by households in the top quintile group, particularly commuters, means that their imputed benefit is nearly twice the average of all households.

Table H shows that taken together the absolute values of these benefits in kind clearly decline as household income increases. As a proportion of post-tax income, benefits decrease from 75 per cent in the lowest quintile group to 6 per cent in the highest quintile group, indicating that this expenditure contributes to the reduction in income inequality.

Summary

The overall effect of the various stages of the tax-benefit system on non-retired households is summarised in Table J. Households in the highest quintile group (when ranked by equivalised disposable income) receive 44 per cent of all (equivalised) original income, compared with 4 per cent received by the lowest quintile group. However after direct taxes and benefits are taken into account, the share of the lowest quintile group rises to 8 per cent and that of the highest falls to 39 per cent. Cash benefits are the major factor underlying these changes, causing the Gini coefficient to fall from 42 per cent based on original income to 34 per cent based on gross income. Income tax, employees' National Insurance contributions and rates produced a further reduction in inequality, but payment of indirect taxes increases inequality.

Percentage shares of total household income and Gini coefficients[1] for non-retired households, 1987

TABLE J

	Percentage shares of total equivalised income for non-retired households ranked by equivalised disposable income			
	Original income	Gross income	Disposable income	Post-tax income
Quintile group				
Bottom ..	3.5	7.3	8.0	7.2
2nd	11	12	13	12
3rd	17	17	17	17
4th	24	23	23	23
Top	44	41	39	42
All households	100	100	100	100
Decile group				
Bottom ..	1.0	3.0	3.3	2.8
Top	28	25	25	26
Gini coefficient (percent) ..	42	34	31	35

1 This is a measure of the dispersion of each definition of income. Unlike the percentage shares analysis where the household incomes are ranked only once, the Gini coefficient calculation needs a separate ranking for each income definition. For example, the coefficient for original income is produced by first equivalising the original income of all the households, then this distribution is ranked and this ranked distribution is used to calculate the coefficient.

Economic activity

As already mentioned, the size of original income is largely determined by the number of economically active people in the household - even though someone may be defined as economically active if they have been out of work for up to a year as long as they are seeking work. This relationship between income and economic activity amongst non-retired households is explored further in

Average incomes, taxes and benefits by the number of economically active people per non-retired household, 1987

TABLE K

	Number of economically active people[1] per household				
	None	One	Two	Three or more	All households
Number of households in the sample	*607*	*2 024*	*2 196*	*632*	*5 459*
Average per household (£ per year)					
Original income	890	10 880	17 200	23 060	13 720
plus cash benefit	4 180	1 460	860	880	1 450
Gross income	5 070	12 340	18 060	23 940	15 170
less direct taxes[2] & employees' NIC	450	2 790	4 100	5 180	3 330
Disposable income	4 620	9 550	13 950	18 760	11 840
less indirect taxes	1 120	1 930	2 750	4 020	2 410
Post-tax income	3 500	7 620	11 210	14 750	9 430
plus benefits in kind	2 460	1 550	1 760	2 220	1 810
Final income	5 950	9 170	12 970	16 960	11 240
Gini coefficients (percent)					
Equivalised original income	*87*	*43*	*31*	*25*	*42*
Equivalised gross income	*21*	*36*	*28*	*23*	*34*
Equivalised disposable income	*21*	*33*	*27*	*22*	*31*
Equivalised post-tax income	*27*	*37*	*30*	*26*	*35*

1 Economically active people comprise employees, the self employed and others not in employment but who are seeking or intending, when able, to seek work.
2 After tax relief at source on mortgage interest and life assurance premiums and including gross domestic rates.

Table K, in which households are classified according to the number of economically active people they contain.

Original income ranges from an average of £890 per annum in households where there are no economically active people to an average of £23,060 in households where there are three or more. Cash benefits are concentrated in households where no-one is economically active and here they form 82 per cent of gross income; but they remain important, at 12 per cent of gross income, for those where one household member is economically active. This latter group will contain a number of households where no-one is currently in work.

Not only does average original income differ widely between these four household groups but they also differ considerably in the degree of variation of income within the groups. As measured by the Gini coefficient, variability in original income is very high amongst households where no-one is economically active but where two or more persons are economically active the variability is considerably less. Equally, the tax-benefit system has the effect of substantially reducing inequality between the different types of households within the economically inactive group. This results largely from the diverse nature of the economically inactive group, which ranges from single parents with young children, single full-time students, the disabled, and households where no member has been able to find work during the 12 months prior to interview, to a small number of households where income from other sources such as investments means that they have no need to work.

RESULTS FOR RETIRED HOUSEHOLDS

Retired households have quite distinct income and expenditure patterns and so the tax-benefit system affects them in a different way to non-retired households (Table L). Few retired households have substantial original income; those who do are concentrated in the top two quintile groups and are receiving occupational pensions. The majority of retired households are dependent on cash benefits, in the form of state retirement pensions and income-related benefits such as Housing Benefits and Supplementary Pension.

Thus cash benefits form a very high proportion of gross income for all but the better-off retired households. However, unlike non-retired households, the bulk of these cash benefits are paid from the National Insurance Fund into which the recipients will have made contributions throughout their working lives.

People over pensionable age do not pay National Insurance contributions so the small payments recorded are made by non-retired people living in households defined as retired (see Appendix 2 paragraph 7 for details of definition). All households except those in the highest quintile group of retired households pay very little income tax, because their income is unlikely to exceed their tax allowances unless they have significant income from investments or occupational pensions in addition to their state retirement pension. The largest indirect tax payment made by retired households is VAT, and the top quintile group pays more than twice as much as the average for all households.

Effects of taxes and benefits on retired households, 1987

TABLE L

	Quintile groups of retired households ranked by equivalised disposable income					All households
	Bottom	2nd	3rd	4th	Top	
Average per household (£ per year)						
Original income	380	560	920	2 390	10 600	2 970
plus cash benefits						
Contributory						
Retirement pension	2 320	2 610	2 440	2 580	2 410	2 470
Sickness/ injury related	60	40	50	170	150	90
Unemployment benefit	10	-	10	20	20	10
Other	30	20	30	40	50	30
Non-contributory						
Supplementary benefit	130	110	60	70	30	80
Child benefit	10	-	-	-	-	-
Housing benefit	190	520	640	340	40	350
Sickness/ disablement related	10	40	70	260	190	110
Other	20	30	40	100	60	50
Gross income	3 170	3 920	4 260	5 960	13 560	6 170
less income tax[1]	40	50	110	340	2 500	610
less employees' NIC	-	-	-	10	30	10
less domestic rates (gross)	420	420	420	460	600	460
Disposable income	2 710	3 460	3 730	5 160	10 420	5 090
less indirect taxes						
VAT	210	200	200	350	770	350
Tobacco duty	90	100	80	110	100	100
Other taxes on final goods & services	200	190	180	310	580	290
Intermediate taxes	230	200	210	290	540	290
Post-tax income	1 980	2 770	3 060	4 100	8 440	4 070
plus benefits in kind						
Education	30	-	10	20	20	20
National health service	1 170	1 190	1 090	1 160	1 090	1 140
Housing subsidy	40	100	120	90	20	80
Travel subsidies	50	60	60	60	70	60
Final income	3 270	4 120	4 330	5 430	9 640	5 360

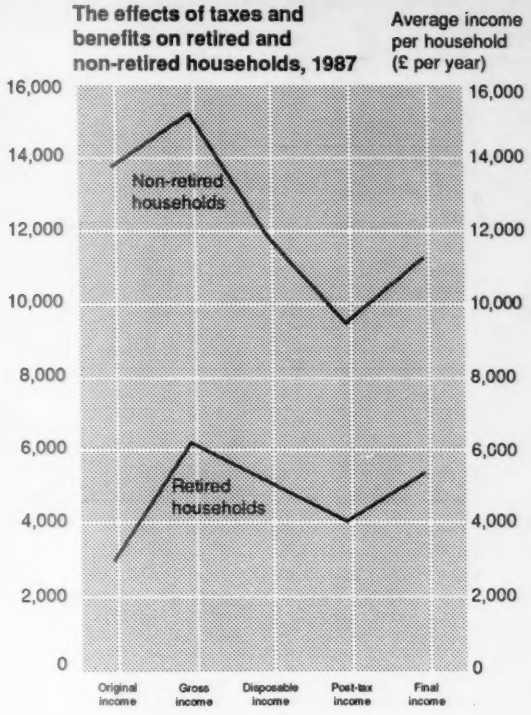
1 After tax relief at source on mortgage interest and life assurance premiums.

Retired households derive significant benefits from health services and, to a lesser extent, the housing subsidy and travel subsidies, though of course virtually none from the education service. Health benefit is spread fairly evenly within the group of retired households, as a result primarily of the attribution method used, but housing subsidy is substantially higher for the middle three quintile groups since they have the highest concentration of public sector tenants. The benefits received by retired households from travel subsidies are mainly for bus travel, particularly in the form of concessionary fares, passes, etc, for senior citizens, and since these are not usually means-tested but depend instead on what sort of scheme is being operated by their local authority, there is no particular relationship with income.

Table M shows the extent to which income inequality amongst retired households is reduced by the tax-benefit system. Cash benefits play by far the largest part in bringing about this reduction and income tax payments make a further, though much smaller, contribution. Payments of indirect taxes result in an increase in dispersion.

A comparison of Table M with Table J shows that although the distribution of original income amongst retired households is much more unequal than that within the non-retired household group, the distribution of post-tax income is more equal amongst the retired than amongst the non-retired. Chart 4 illustrates the different impact which the tax-benefit system has on retired and non-retired households.

CHART 4



Percentage shares of total household income and Gini coefficients[1] for retired households, 1987

TABLE M

	Percentage shares of total equivalised income for retired households ranked by equivalised disposable income			
	Original income	Gross income	Disposable income	Post-tax income
Quintile group				
Bottom ..	2.6	10.7	11.0	10.2
2nd	4	13	14	14
3rd	7	15	16	17
4th	16	19	20	20
Top	71	42	39	39
All households	100	100	100	100
Decile group				
Bottom ..	1.2	5.0	4.9	4.4
Top	52	28	26	26
Gini coefficient (percent) ..	71	30	27	32

1 This is a measure of the dispersion of each definition of income. Unlike the percentage shares analysis where the household incomes are ranked only once, the Gini coefficient calculation needs a separate ranking for each income definition. For example, the coefficient for original income is produced by first equivalising the original income of all the households, then this distribution is ranked and this ranked distribution is used to calculate the coefficient.

PART II

THE EFFECTS OF EQUIVALISING INCOME

Equivalising household incomes is a method of adjusting for house hold size and composition to allow for their different needs. A household of five adults needs a higher income than a single person living alone to achieve the same 'standard of living'. On the other hand they do not require five times as much income-partly because some costs, such as heating and lighting do not rise in line with the number of people sharing a house. Equivalisation allows for such factors and thus produces a more meaningful ranking of households by income. The scale used in this analysis is the McClements scale (before housing costs):this uses a married couple as the standard for comparisons and assigns them a value of one. See paragraph 35 of Appendix2 for further details.

The question of equivalisation was addressed in the 1985 article (in July 1987 *Economic Trends*) where the effects of three different scales were assessed. The conclusion of the article was that the application of equivalence scales has a substantial impact on the composition of each quintile group and on the distribution of income between households, but there is little difference in effect between the three scales examined. Small households are no longer concentrated at the bottom of the income distribution, nor are large households concentrated at the top. The impact of the tax benefit system is greater, resulting in a more equal distribution of income after taxes and benefits. The 1985 article suggested that equivalence scale adjustments might be used extensively in future articles. It was difficult to introduce equivalisation in the 1986 article because the 1986 FES data were very late, without further delaying the article by a major change in methodology.

Table N gives a cross-tabulation of households, ranked by quintile groups, of unadjusted disposable income and equivalised disposable income. The effect of equivalisation is that the majority of households either stay in the same quintile group, or move only to the next group. For example, of the 1,479 households in the second quintile group of unadjusted disposable income, 519 moved to the bottom quintile of equivalised disposable income, 496 stayed in the second quintile and 290 moved to the third quintile (only 174 moved to the fourth quintile group).

The percentage shares of disposable income of each quintile group are also modified by equivalence scale adjustments, particularly at

Cross tabulation of quintile groups of households ranked by disposable income, unadjusted and equivalised, 1987

TABLE N

	Quintile groups of **equivalised** disposable income					All households
	Bottom	2nd	3rd	4th	Top	
Numbers of households						
Quintile groups of **unadjusted** disposable income						
Bottom	870	565	44	-	-	1 479
2nd	519	496	290	174	-	1 479
3rd	84	338	622	278	158	1 480
4th	6	77	442	644	310	1 479
Top	-	3	82	383	1 011	1 479
All households	1 479	1 479	1 480	1 479	1 479	7 396

the top and bottom of the income distribution (Table O). The share of disposable income of the bottom quintile group is increased by some 2 percentage points, whilst the share of the top quintile group is reduced by a similar amount—so the distribution of equivalised income is less unequal. The reason for this is that, on an unadjusted basis, there are a disproportionately high number of single person households in the bottom quintile group—and these have the lowest incomes in absolute terms, but not after equivalisation. In other words, the effect results from the positive correlation between income and household size in the unadjusted distribution.

Table P shows the effect of equivalisation on the Gini coefficient. All the coefficients for equivalisation income are lower than the unadjusted versions, indicating that the distribution of all measures of equivalised income is more equal than without this adjustment —this is the same point as in the previous paragraph. A separate point is that the effects that taxes and benefits (particularly benefits) have in reducing income inequality is greater for equivalised income than for unadjusted income.

Table Q shows the average household size by quintile groups of households ranked by disposable income, on an unadjusted and equivalised basis. On the unadjusted basis the average household size rises steadily from 1.3 in the bottom quintile group to 3.2 in the top quintile group. After equivalisation, the average household size is much more evenly spread:but the number of economically active people is still much higher in the higher income households. This table illustrates another important point, namely that throughout this article monetary amounts in equivalised £ a year are shown in *italics*. All other monetary values are ordinary (ie unequivalised) £ a year eg the disposable income of £3,810 a year for the bottom quintile group in the lower half of this table is the average of the unadjusted disposable income values for the 1,479 households in the bottom quintile of the distribution of equivalised disposable incomes (ranked in ascending order). In this article, equivalisation is only used for ranking purposes, and virtually all monetary amounts in the tables are unequivalised £ a year. We have chosen to use equivalisation only in the ranking process because we feel that to present all the tables in terms of equivalised income would be confusing and difficult to understand. Equivalised income is a theoretical concept, rather removed from the real money that households actually receive and spend.

The point and purpose of equivalisation is evident from Table Q, which indicates the two criteria for assigning households to the quintile groups of the income distribution. For example, without equivalisation, households with the smallest monetary incomes are in the bottom group—but it is clear that in most of these cases the small incomes have only to provide for a single household member. After equivalisation, however, the lowest quintile group contains those households whose income is smallest **relative to** their size and composition. This group therefore has a higher absolute average income (£3,810 compared to £2,930), but this amount has to contribute to the living standards of many more people—as shown by the average household size.

Percentage shares of total household disposable income, unadjusted and equivalised, 1987

TABLE O

	Percentage in each quintile group of households ranked by disposable income	
	Unadjusted	Equivalised
Quintile group		
Bottom	6	8
2nd	11	12
3rd	17	16
4th	24	23
Top	43	41
All households	100	100

Gini coefficients for the distribution of income at each stage of the tax-benefit system, unadjusted and equivalised, 1987

TABLE P

	Unadjusted	Equivalised
Gini coefficients (percent)		
Original income	52	51
Gross income	40	36
Disposable income	37	33
Post-tax income	40	36
Final income	36	30[1]

1 This is given for illustrative purposes only. Strictly speaking, it is not appropriate to equivalise final income because it contains notional money income for benefits in kind (eg from state education) that are not available for spending in cash.

Average household size for quintile groups of disposable income, unadjusted and equivalised, 1987

TABLE Q

	Quintile groups of households ranked by disposable income					All households
	Bottom	2nd	3rd	4th	Top	
Unadjusted						
Average per household (£ per year)						
Quintile points		4 053	6 780	10 105	14 483	
Disposable income	2 930	5 300	8 420	12 150	21 570	10 070
Average per household (number)						
Persons	1.3	2.3	2.8	3.1	3.2	2.5
Economically active people	0.1	0.5	1.2	1.8	2.1	1.2
Children	0.1	0.5	0.8	0.8	0.8	0.6
Retired people	0.8	0.7	0.4	0.2	0.1	0.4
Equivalised						
Average per household (£ per year)						
Quintile points (equivalised £ per year)		*4 603*	*6 344*	*8 606*	*12 274*	
Disposable income	3 810	5 570	9 100	12 150	19 740	10 070
Average per household (number)						
Persons	2.4	2.3	2.9	2.7	2.4	2.5
Economically active people	0.3	0.7	1.4	1.7	1.7	1.2
Children	0.7	0.6	0.8	0.6	0.4	0.6
Retired people	0.7	0.7	0.4	0.2	0.2	0.4

Summary statistics for the distribution of disposable income, unadjusted and equivalised, 1987

TABLE R

	Unadjusted disposable income			Equivalised disposable income		
	All households	Non-retired	Retired	All households	Non-retired	Retired
Amount per household (£ per year)						
Mean	10 070	11 840	5 090	*9 060*	*10 070*	*6 230*
Median	8 370	10 330	3 940	*7 420*	*8 530*	*5 010*
Standard deviation	92	110	103	*78*	*93*	*121*

Summary statistics for the distribution of equivalence factors, 1987

TABLE S

	Statistics for the distribution of equivalence factors:		
	All households	Non-retired	Retired
Number of households	7 396	5 459	1 937
Mean equivalence value	1.11	1.22	0.81
Minimum equivalence value	0.61	0.61	0.61
Maximum equivalence value	3.85	3.85	1.99

The comparison between ordinary £ a year and equivalised £ a year is given in Table R. The average (unadjusted) disposable income for all households is £10,070 compared with £9,060 after equivalisation. The variation of disposable income (as measured by its standard deviation) is reduced by equivalisation from £92 to £78 a year Table S gives some summary statistics for the distribution of the equivalence factors themselves. The average equivalence value for all households is 1.11 (compared with the standard value of 1.00 for a married couple).

Table T shows the results of equivalising on the composition of the top and bottom quintile groups of disposable income. The proportion of retired households in the bottom quintile group is reduced from over two-thirds to under a half and is there is also a large drop in single person (non-retired) households. In contrast, the proportion of 2 adults with children households rises from 2 to 19 per cent. At the top of the income distribution, the proportion of large households (3 or more adults) falls markedly as does the 2 adults with children group, whereas 1 adult and 2 adult households increase substantially. A more detailed version of the distribution of households is given in Table U. This gives the number of households in each quintile group of disposable income, for uadjusted and equivalised measures.

Composition of the top and bottom quintile groups of households, ranked by disposable income, unadjusted and equivalised, 1987

TABLE T

Household type	Average equivalence value	Bottom quintile group		Top quintile group	
		Unadjusted	Equivalised	Unadjusted	Equivalised
		(percent)	(percent)	(percent)	(percent)
Retired	0.81	68	48	4	8
Non-retired					
1 adult	0.61	17	7	3	18
2 adults	1.02	5	8	28	40
1 adult with children[1]	1.00	7	9	-	-
2 adults with children	1.41	2	19	30	20
3 or more adults[2]	1.70	1	8	35	14
All household types	1.11	100	100	100	100

1 This group is smaller than the category of "one parent families" because some of these families will be contained in larger household types.
2 With or without children

Number of households in the survey by quintile groups, ranked by disposable income, unadjusted and equivalised, 1987

TABLE U

	Household type						
	Retired	Non-retired					All household types
		1 adult	2 adults	1 adult with children[1]	2 adults with children	3 or more adults	
Quintile groups of **unadjusted** disposable income							
Bottom	1 006	246	74	108	36	9	1 479
2nd	578	230	217	131	264	59	1 479
3rd	206	189	371	33	521	160	1 480
4th	87	87	417	8	543	337	1 479
Top	60	47	411	4	442	515	1 479
All households	1 937	799	1 490	284	1 806	1 080	7 396
Quintile groups of **equivalised** disposable income							
Bottom	712	109	119	137	280	115	1 479
2nd	690	112	136	86	300	147	1 478
3rd	259	132	260	36	489	291	1 481
4th	164	172	372	18	442	321	1 479
Top	112	274	603	7	295	206	1 479
All households	1 937	799	1 490	284	1 806	1 080	7 396

1 This group is smaller than the category of "one parent families" because some of these families will be contained in larger household types.

APPENDIX 1

Detailed tables with fine breakdown of income components for quintile and decile groups, and results for different types of household

CONTENTS

	Table
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General government expenditure in 1987

TABLE 1

	£ million	*Percentage of total expenditure*
Allocated expenditure[1]		
Allocated cash benefits		
Contributory (National Insurance, etc.)		
Retirement	18 510	*11.0*
Widows and guardians	840	*0.5*
Unemployment	1 600	*1.0*
Sickness/ Statutory sick pay	940	*0.6*
Invalidity	3 010	*1.8*
Maternity	270	*0.2*
Disablement	460	*0.3*
Other	160	*0.1*
Non-contributory		
Family benefits	5 080	*3.0*
Supplementary benefits	8 250	*4.9*
War pensions	550	*0.3*
Other	2 140	*1.3*
Student maintenance grants[2]	750	*0.4*
Rent rebates and rent allowances	3 520	*2.1*
Allocated benefits in kind		
Health services	20 110	*12.0*
Education	16 160	*9.6*
School meals and welfare milk	670	*0.4*
Housing subsidy	1 380	*0.8*
Travel subsidies[3]	1 260	*0.7*
	85 680	*51.0*
Unallocated expenditure		
Other current expenditure	58 890	*35.0*
Capital expenditure	3 080	*1.8*
Debt interest	17 670	*10.5*
Non-trading capital consumption	2 730	*1.6*
Total expenditure	168 050	*100.0*

1 Including benefits to people not living in private households.
2 Estimated
3 Including concessionary fares expenditure.

Source: *United Kingdom National Accounts, 1988 Edition, Table 9.4*

Financing of general government expenditure in 1987

TABLE 2

	£ million	Percentage of total financing
Allocated financing[1]		
Income tax[2]	40 300	*24.0*
Employees' and self-employed NI contributions	13 790	*8.2*
Indirect taxes		
Domestic rates (net of rebates)	7 750	*4.6*
Taxes on final goods and services		
VAT	17 870	*10.6*
Duty on beer and cider	1 890	*1.1*
Duty on wines and spirits	1 970	*1.2*
Duty on tobacco	4 670	*2.8*
Duty on hydrocarbon oils	3 540	*2.1*
Car tax and vehicle excise duty	2 290	*1.4*
Other	2 690	*1.6*
Taxes and NI contributions on intermediate goods and services		
Employers' NI contributions	4 830	*2.9*
Commercial and industrial rates	4 160	*2.5*
Duty on hydrocarbon oils	2 050	*1.2*
VAT	1 200	*0.7*
Vehicle excise duty	530	*0.3*
Other	930	*0.5*
	110 460	*65.7*
Unallocated financing		
Employers' NI contributions not allocated	9 830	*5.9*
Indirect taxes		
Commercial and industrial rates not allocated	4 880	*2.9*
Other taxes on expenditure not allocated		
VAT	5 500	*3.3*
Duty on hydrocarbon oils	1 840	*1.1*
Other	4 220	*2.5*
Other taxes		
Corporation tax	13 470	*8.0*
Petroleum revenue tax	1 750	*1.0*
Taxes on capital	3 360	*2.0*
Other receipts[3]	10 540	*6.3*
Non-trading capital consumption	2 730	*1.6*
Government borrowing requirement	-530	*-0.3*
Total financing	168 050	*100.0*

1 Including taxes paid by people not living in private households.
2 Net of tax relief at source on mortgage interest and life assurance premiums.
3 Receipts of rent, royalties and licence fees on oil and gas production, interest, dividends, trading income and miscellaneous transactions (net).

Source: *United Kingdom National Accounts, 1988 Edition, Table 9.1*

Average incomes, taxes and benefits, 1987

By quintile groups of households

TABLE 3

	Quintile groups of households ranked by equivalised disposable income					All households
	Bottom	2nd	3rd	4th	Top	
Average per household (£ a year)						
Quintile points (*equivalised* £)		*4 604*	*6 349*	*8 610*	*12 276*	
Number of households in the sample	1 479	1 479	1 480	1 479	1 479	7 396
Original income						
Earnings of main earner	781	2 653	6 627	9 384	16 896	7 268
Other earnings	95	425	1 695	3 537	5 385	2 227
Occupational pensions, annuities	135	406	623	778	1 144	617
Investment income	135	259	403	631	1 807	647
Other income	77	106	124	177	237	144
Total	1 223	3 851	9 473	14 506	25 469	10 904
Direct benefits in cash						
Contributory						
Retirement pension	1 234	1 274	696	392	290	777
Unemployment benefit	84	68	69	65	35	64
Invalidity pension and allowance	98	126	105	50	22	80
Statutory sick pay	8	14	29	44	30	25
Industrial injury disablement benefit	2	19	19	11	6	12
Sickness, industrial injury benefit	15	5	10	6	7	9
Widows' benefit	27	36	41	38	27	34
Statutory maternity pay/allowance	4	5	13	22	9	11
Miscellaneous contributory benefits	7	8	5	3	2	5
Non-contributory						
Supplementary benefit	767	320	160	56	30	267
Child benefit	270	232	304	226	144	235
Housing benefit	505	444	120	29	13	223
Attendance allowance	10	42	54	19	9	27
Mobility allowance	10	21	38	22	5	19
War pensions	3	10	17	12	7	10
Severe disablement allowance	31	64	64	20	7	37
Student maintenance awards	38	32	40	21	4	27
Government training schemes	26	28	37	19	9	24
Family income supplement	17	6	6	1	1	6
Other non-contributory benefits	16	21	43	16	11	21
Total cash benefits	3 173	2 776	1 870	1 072	668	1 912
Gross income	4 396	6 627	11 343	15 578	26 136	12 816
Direct taxes and Employees' NIC						
Income tax	140	489	1 401	2 377	5 106	1 903
less: Tax relief at source[1]	40	65	190	294	483	214
Employees' national insurance contributions	51	199	551	836	1 151	558
Domestic rates (gross)	431	438	479	512	622	496
Total	581	1 061	2 241	3 431	6 396	2 742
Disposable income	3 815	5 566	9 102	12 146	19 740	10 074
Equivalised disposable income	*3725*	*5 372*	*7 446*	*10 228*	*18 539*	*9 062*
Taxes on final goods and services						
VAT	310	430	737	957	1 236	734
Duty on tobacco	186	199	259	230	169	209
Duty on beer and cider	38	52	95	115	121	84
Duty on wines	7	10	20	31	70	27
Duty on spirits	24	34	66	79	111	63
Duty on hydrocarbon oils	61	81	165	217	256	156
Car tax	7	14	25	49	59	31
Vehicle excise duty	30	41	75	98	111	71
Television licences	43	45	51	52	54	49
Stamp duty on house purchase	4	6	14	22	42	18
Customs' duties	14	18	28	35	40	27
Betting taxes	17	22	42	40	56	35
Other	15	14	20	22	23	19
Intermediate taxes						
Commercial and industrial rates	88	105	165	201	262	164
Employers' NI contributions	97	116	183	226	296	184
Duty on hydrocarbon oils	44	51	77	94	119	77
Vehicle excise duty	10	12	19	23	30	19
Other	44	53	82	100	128	82
Total indirect taxes	1 038	1 303	2 122	2 592	3 183	2 048
Post-tax income	2 776	4 263	6 980	9 555	16 557	8 026
Benefits in kind						
Education	796	656	837	628	360	656
National health service	1 029	976	922	790	633	870
Housing subsidy	99	105	56	32	15	61
Rail travel subsidy	11	12	26	37	66	30
Bus travel subsidy	32	35	24	19	18	26
School meals and welfare milk	78	31	24	14	8	31
Total	2 045	1 815	1 890	1 520	1 101	1 674
Final income	4 821	6 078	8 871	11 075	17 658	9 700

1 On mortgage interest and life assurance premiums.

Average incomes, taxes and benefits, 1987

By decile groups of households

TABLE 4

	Decile groups of households ranked by equivalised disposable income										All households
	Bottom	2nd	3rd	4th	5th	6th	7th	8th	9th	Top	
Average per household (£ a year)											
Decile points (*equivalised* £)	*3 876*	*4 603*	*5 330*	*6 344*	*7 419*	*8 606*	*10 114*	*12 274*	*15 843*		
Number of households in the sample	740	739	740	739	740	740	739	740	739	740	7 396
Original income											
Earnings of main earner	600	961	1 680	3 628	5 652	7 603	8 408	10 359	13 009	20 777	7 268
Other earnings	79	111	256	595	1 214	2 177	2 955	4 118	5 035	5 733	2 227
Occupational pensions, annuities	87	184	337	476	614	631	792	763	777	1 511	617
Investment income	119	151	208	310	365	442	566	695	982	2 631	647
Other income	72	81	92	121	99	149	143	210	171	303	144
Total	958	1 489	2 573	5 131	7 944	11 002	12 865	16 145	19 975	30 955	10 904
Direct benefits in cash											
Contributory											
Retirement pension	1 006	1 463	1 429	1 119	806	587	476	308	275	304	777
Unemployment benefit	102	65	67	70	74	64	65	65	39	31	64
Invalidity pension and allowance	100	96	73	179	122	88	66	33	21	24	80
Statutory sick pay	8	7	9	18	30	27	42	46	41	19	25
Industrial injury disablement benefit	-	4	12	26	25	13	15	7	10	3	12
Sickness, industrial injury benefit	17	13	6	4	14	7	9	4	7	6	9
Widows' benefit	28	26	34	37	51	31	41	36	15	40	34
Statutory maternity pay/ allowance	3	5	4	7	12	14	18	25	9	10	11
Miscellaneous contributory benefits	6	8	8	7	5	4	3	2	2	2	5
Non-contributory											
Supplementary benefit	874	661	342	299	197	122	70	42	42	17	267
Child benefit	310	230	199	265	310	297	244	209	174	113	235
Housing benefit	437	574	574	314	166	75	42	17	20	7	223
Attendance allowance	-	20	25	59	69	38	21	18	10	8	27
Mobility allowance	11	9	14	27	49	27	26	18	2	8	19
War pensions	1	5	2	18	14	20	13	12	8	6	10
Severe disablement allowance	9	53	43	84	64	64	23	16	3	11	37
Student maintenance awards	38	39	41	23	41	39	15	26	8	-	27
Government training schemes	35	17	22	35	29	45	22	16	18	1	24
Family income supplement	20	15	9	4	10	2	1	2	1	-	6
Other non-contributory benefits	12	21	15	27	49	38	12	19	16	6	21
Total cash benefits	3 017	3 330	2 929	2 622	2 138	1 603	1 224	920	720	616	1 912
Gross income	3 975	4 819	5 503	7 752	10 082	12 604	14 088	17 065	20 694	31 571	12 816
Direct taxes and Employees' NIC											
Income tax	128	151	310	669	1 150	1 652	2 027	2 727	3 699	6 512	1 903
less: Tax relief at source[1]	37	43	42	89	160	220	262	326	418	548	214
Employees' national insurance contributions	37	65	120	278	456	646	743	929	1 128	1 175	558
Domestic rates (gross)	431	432	426	451	460	498	491	533	570	673	496
Total	559	604	814	1 308	1 906	2 576	3 000	3 863	4 979	7 811	2 742
Disposable income	3 415	4 214	4 689	6 444	8 176	10 029	11 089	13 202	15 715	23 760	10 074
Equivalised disposable income	*3 199*	*4 251*	*4 947*	*5 798*	*6 874*	*8 018*	*9 327*	*11 128*	*13 823*	*23 248*	*9 062*
Taxes on final goods and services											
VAT	315	304	339	521	656	818	895	1 019	1 124	1 348	734
Duty on tobacco	187	185	167	232	256	261	230	231	185	152	209
Duty on beer and cider	37	39	39	65	83	108	105	124	127	116	84
Duty on wines	7	6	8	12	15	24	27	35	57	82	27
Duty on spirits	20	28	31	38	55	77	72	85	89	132	63
Duty on hydrocarbon oils	64	57	56	106	148	181	200	235	254	258	156
Car tax	5	8	12	16	22	28	47	52	57	62	31
Vehicle excise duty	31	28	30	52	66	84	94	102	111	111	71
Television licences	43	43	43	48	49	52	52	53	54	53	49
Stamp duty on house purchase	6	3	4	8	12	16	20	25	33	52	18
Customs' duties	14	15	15	22	25	31	34	36	37	43	27
Betting taxes	18	16	20	25	45	40	41	38	49	63	35
Other	14	16	13	16	20	19	21	22	24	23	19
Intermediate taxes											
Commercial and industrial rates	89	87	89	121	153	177	189	214	236	289	164
Employers' NI contributions	98	95	98	134	169	196	211	241	265	327	184
Duty on hydrocarbon oils	44	44	43	58	73	82	87	101	107	131	77
Vehicle excise duty	10	10	10	14	17	20	21	25	27	33	19
Other	45	43	44	62	76	89	95	106	116	140	82
Total indirect taxes	1 048	1 028	1 058	1 548	1 940	2 304	2 439	2 744	2 951	3 415	2 048
Post-tax income	2 367	3 187	3 630	4 896	6 236	7 725	8 649	10 459	12 764	20 345	8 026
Benefits in kind											
Education	907	685	664	649	808	866	699	557	488	233	656
National health service	1 002	1 056	986	966	947	898	799	781	655	612	870
Housing subsidy	75	122	120	90	65	48	32	32	19	12	61
Rail travel subsidy	10	12	12	12	22	31	32	42	55	77	30
Bus travel subsidy	27	37	38	31	24	24	20	18	18	18	26
School meals and welfare milk	98	59	38	24	26	23	16	13	11	6	31
Total	2 118	1 971	1 858	1 773	1 891	1 889	1 598	1 443	1 245	958	1 674
Final income	4 485	5 158	5 488	6 668	8 127	9 614	10 247	11 902	14 009	21 303	9 700

1 On mortgage interest and life assurance premiums.

Average incomes, taxes and benefits, 1987

By quintile groups within household type

TABLE 5

	Quintile groups of households ranked by equivalised disposable income					
	Bottom	2nd	3rd	4th	Top	All groups
Average per household (£ a year)						
(i) 1 adult retired						
Quintile points (*equivalised £*)	*3 944*		*4 661*	*5 174*	*6 522*	
Number of households in the sample	212	212	211	212	212	1 059
Original income	237	421	480	1 089	6 478	1 742
Direct benefits in cash						
Contributory						
Retirement pension	1 974	2 070	2 046	2 059	1 902	2 010
Sickness/ injury related	16	2	1	23	37	16
Unemployment benefit	-	-	-	7	14	4
Other	38	20	40	23	105	45
Total contributory	2 029	2 091	2 087	2 111	2 058	2 075
Non-contributory						
Supplementary benefit	62	73	60	60	41	59
Child benefit	-	-	-	-	5	1
Housing benefit	167	488	793	656	177	456
Sickness/ disablement related	-	6	11	59	112	38
Other	15	-	25	33	138	42
Total non-contributory	244	567	888	807	473	595
Gross income	2 509	3 079	3 455	4 007	9 009	4 413
Income tax[1] and Employees' NIC	43	51	58	152	1 418	345
Domestic rates (gross)	411	391	403	423	514	429
Disposable income	2 055	2 637	2 993	3 432	7 077	3 639
Equivalised disposable income	*3 369*	*4323*	*4 907*	*5 627*	*11 554*	*5 957*
Taxes on final goods and services	305	304	282	359	896	429
Intermediate taxes	176	153	147	177	360	203
Post-tax income	1 575	2 179	2 564	2 897	5 821	3 008
Benefits in kind						
Education	-	-	-	-	14	3
National health service	994	943	876	932	854	920
Housing subsidy	33	102	125	141	51	90
Travel subsidies	37	39	54	51	46	45
Final income	2 638	3 263	3 619	4 020	6 785	4 066
(ii) 2 or more adults retired						
Quintile points (equivalised £)	*4 098*		*4 753*	*5 950*	*8 204*	
Number of households in the sample	176	175	176	175	176	878
Original income	578	806	2 046	4 444	14 343	4 447
Direct benefits in cash						
Contributory						
Retirement pension	2 879	3 299	3 271	2 938	2 779	3 033
Sickness/ injury related	122	81	253	280	208	189
Unemployment benefit	18	10	34	20	23	21
Other	17	17	18	30	16	20
Total contributory	3 036	3 407	3 576	3 268	3 026	3 263
Non-contributory						
Supplementary benefit	211	146	48	87	4	99
Child benefit	20	4	-	2	6	7
Housing benefit	247	479	248	91	5	214
Sickness/ disablement related	26	85	322	352	247	206
Other	43	51	85	102	19	60
Total non-contributory	546	765	704	635	281	586
Gross income	4 160	4 978	6 325	8 347	17 650	8 296
Income tax[1] and Employees' NIC	41	49	242	704	3 656	940
Domestic rates(gross)	441	438	474	506	681	508
Disposable income	3 678	4 490	5 609	7 137	13 314	6 848
Equivalised disposable income	*3 511*	*4 405*	*5 344*	*6 906*	*12 635*	*6 563*
Taxes on final goods and services	759	743	943	1 250	1 798	1 099
Intermediate taxes	302	269	346	419	670	401
Post-tax income	2 617	3 478	4 321	5 469	10 845	5 348
Benefits in kind						
Education	63	-	34	13	46	31
National health service	1 448	1 487	1 424	1 385	1 267	1 402
Housing subsidy	48	100	77	49	11	57
Travel subsidies	68	77	76	63	93	75
School meals and welfare milk	4	-	-	-	-	1
Final income	4 248	5 142	5 932	6 980	12 262	6 915

1 After tax relief at source on mortgage interest and life assurance premiums.

Average incomes, taxes and benefits, 1987

By quintile groups within household type

TABLE 5 (continued)

	Quintile groups of households ranked by equivalised disposable income					
	Bottom	2nd	3rd	4th	Top	All groups
Average per household (£ a year)						
(iii) 1 adult non-retired						
Quintile points *(equivalised £)*	*5 141*		*7 934*	*11 182*	*15 789*	
Number of households in the sample	160	160	158	161	160	799
Original income	754	3 565	7 104	10 630	19 596	8 336
Direct benefits in cash						
Contributory						
Retirement pension	58	242	84	17	51	90
Sickness/ injury related	124	168	50	32	29	81
Unemployment benefit	110	62	67	8	14	52
Other	123	178	100	58	83	108
Total contributory	415	649	302	116	177	331
Non-contributory						
Supplementary benefit	719	241	98	24	17	220
Child benefit	-	-	-	-	2	-
Housing benefit	686	352	100	16	3	231
Sickness/ disablement related	146	143	64	8	52	83
Other	168	49	9	16	1	49
Total non-contributory	1 718	786	270	64	76	583
Gross income	2 887	5 000	7 676	10 811	19 849	9 250
Income tax[1] and Employees' NIC	118	682	1 564	2 473	4 602	1 885
Domestic rates (gross)	370	349	386	383	508	399
Disposable income	2 400	3 990	5 725	7 955	14 739	6 966
Equivalised disposable income	*3 934*	*6 540*	*9 386*	*13 040*	*24 162*	*11 420*
Taxes on final goods and services	514	717	1 043	1 171	1 742	1 037
Intermediate taxes	177	235	316	404	580	342
Post-tax income	1 709	3 038	4 366	6 380	12 417	5 586
Benefits in kind						
Education	438	60	22	22	-	109
National health service	259	271	242	224	229	245
Housing subsidy	90	85	62	35	11	57
Travel subsidies	24	31	33	64	52	41
School meals and welfare milk	1	-	-	-	-	-
Final income	2 521	3 485	4 726	6 725	12 708	6 037
(iv) 2 adults non-retired						
Quintile points *(equivalised £)*	*6 665*		*9 363*	*12 238*	*16 400*	
Number of households in the sample	298	298	298	298	298	1 490
Original income	3 722	9 015	13 562	18 381	30 803	15 097
Direct benefits in cash						
Contributory						
Retirement pension	467	553	209	115	203	309
Sickness/ injury related	460	245	117	98	64	197
Unemployment benefit	143	72	48	20	28	62
Other	60	44	25	44	27	40
Total contributory	1 131	914	399	278	321	609
Non-contributory						
Supplementary benefit	529	94	15	25	12	135
Child benefit	-	1	-	2	4	2
Housing benefit	351	64	18	9	2	89
Sickness/ disablement related	174	196	19	17	8	83
Other	87	56	40	14	8	41
Total non-contributory	1 141	410	92	67	34	349
Gross income	5 994	10 339	14 052	18 726	31 158	16 054
Income tax[1] and Employees' NIC	572	1 738	2 709	4 041	7 278	3 268
Domestic rates(gross)	448	449	452	516	673	508
Disposable income	4 974	8 152	10 892	14 169	23 207	12 279
Equivalised disposable income	*4 875*	*8 011*	*10 723*	*14 011*	*22 965*	*12 117*
Taxes on final goods and services	1 148	1 489	1 739	2 113	2 665	1 831
Intermediate taxes	360	458	560	659	934	594
Post-tax income	3 466	6 204	8 592	11 396	19 608	9 854
Benefits in kind						
Education	138	74	76	9	-	59
National health service	651	633	521	487	501	559
Housing subsidy	84	69	33	20	8	43
Travel subsidies	38	45	46	49	112	58
School meals and welfare milk	1	1	-	-	-	-
Final income	4 378	7 026	9 268	11 962	20 230	10 573

1 After tax relief at source on mortgage interest and life assurance premiums.

Average incomes, taxes and benefits, 1987

By quintile groups within household type

TABLE 5 (continued)

	Quintile groups of households ranked by equivalised disposable income					All groups
	Bottom	2nd	3rd	4th	Top	
Average per household (£ a year)						
(v) 3 or more adults non-retired						
Quintile points *(equivalised £)*	*6 679*	*8 427*	*10 299*	*13 130*		
Number of households in the sample	136	137	136	137	136	682
Original income	6 337	12 498	16 420	23 194	36 801	19 047
Direct benefits in cash						
Contributory						
Retirement pension	513	717	636	229	246	468
Sickness/ injury related	446	304	223	145	142	252
Unemployment benefit	151	118	86	101	104	112
Other	43	69	51	2	30	39
Total contributory	1 153	1 208	996	477	522	871
Non-contributory						
Supplementary benefit	972	340	142	83	106	328
Child benefit	21	8	14	3	11	11
Housing benefit	239	86	110	8	66	101
Sickness/ disablement related	255	300	147	122	46	174
Other	414	240	172	161	75	212
Total non-contributory	1 901	974	585	376	304	827
Gross income	9 390	14 680	18 001	24 046	37 627	20 745
Income tax[2] and Employees' NIC	1 113	2 350	3 255	5 063	7 641	3 884
Domestic rates(gross)	468	508	491	582	657	541
Disposable income	7 809	11 822	14 255	18 402	29 330	16 320
Equivalised disposable income	*5 009*	*7 610*	*9 273*	*11 647*	*18 587*	*10 423*
Taxes on final goods and services	2 000	2 363	2 531	3 119	3 617	2 726
Intermediate taxes	568	676	773	943	1 191	830
Post-tax income	5 241	8 783	10 951	14 339	24 521	12 763
Benefits in kind						
Education	1 254	552	268	312	205	518
National health service	944	981	927	857	921	926
Housing subsidy	89	64	20	49	26	50
Travel subsidies	100	69	92	68	165	99
School meals and welfare milk	-	1	-	-	-	-
Final income	7 628	10 451	12 259	15 624	25 837	14 356
(vi) 1 adult with children[1]						
Quintile points *(equivalised £)*	*3 858*	*4 377*	*5 050*	*6 494*		
Number of households in the sample	57	57	56	57	57	284
Original income	497	375	955	2 438	8 624	2 584
Direct benefits in cash						
Contributory						
Retirement pension	-	46	-	-	-	9
Sickness/ injury related	21	58	-	10	57	29
Unemployment benefit	8	-	-	18	6	6
Other	7	-	-	121	194	65
Total contributory	36	104	-	149	256	109
Non-contributory						
Supplementary benefit	1 349	2 101	1 968	1 285	457	1 430
Child benefit	736	777	641	683	653	698
Housing benefit	951	1 164	1 176	897	325	902
Sickness/ disablement related	-	39	-	56	-	19
Other	30	18	69	224	192	107
Total non-contributory	3 067	4 100	3 854	3 145	1 627	3 156
Gross income	3 599	4 580	4 809	5 732	10 507	5 849
Income tax[2] and Employees' NIC	-19	-43	54	85	1 098	236
Domestic rates(gross)	463	439	446	455	531	467
Disposable income	3 155	4 183	4 310	5 192	8 878	5 146
Equivalised disposable income	*3 073*	*4 126*	*4 677*	*5 620*	*9 396*	*5 381*
Taxes on final goods and services	598	584	571	748	1 263	753
Intermediate taxes	243	240	226	305	435	290
Post-tax income	2 314	3 359	3 512	4 139	7 179	4 103
Benefits in kind						
Education	1 633	1 667	1 431	1 456	1 761	1 590
National health service	756	620	706	688	499	654
Housing subsidy	142	254	198	122	88	161
Travel subsidies	12	11	28	33	19	21
School meals and welfare milk	264	259	176	134	101	187
Final income	5 121	6 171	6 051	6 572	9 647	6 715

1 This group is smaller than the category of "one parent families" because some of these families will be contained in larger household types.
2 After tax relief at source on mortgage interest and life assurance premiums.

Average incomes, taxes and benefits, 1987

By quintile groups within household type

TABLE 5 (continued)

	Quintile groups of households ranked by equivalised disposable income					All groups
	Bottom	2nd	3rd	4th	Top	
Average per household (£ a year)						
(vii) 2 adults with 1 child						
Quintile points (equivalised £)	*5 811*		*7 693*	*9 594*	*12 735*	
Number of households in the sample	118	119	118	119	118	592
Original income	3 539	8 816	12 290	15 823	27 410	13 571
Direct benefits in cash						
Contributory						
Retirement pension	34	27	18	18	-	19
Sickness/ injury related	147	117	88	88	53	99
Unemployment benefit	278	221	142	137	59	168
Other	109	78	92	117	66	93
Total contributory	569	443	340	360	178	378
Non-contributory						
Supplementary benefit	911	226	122	12	-	254
Child benefit	374	379	383	368	365	374
Housing benefit	468	179	39	30	6	144
Sickness/ disablement related	155	154	37	23	9	76
Other	88	146	5	58	12	62
Total non-contributory	1 996	1 083	585	492	392	909
Gross income	6 104	10 343	13 215	16 675	27 981	14 859
Income tax[1] and Employees' NIC	482	1 618	2 473	3 084	6 289	2 788
Domestic rates(gross)	428	440	487	528	687	514
Disposable income	5 193	8 285	10 256	13 063	21 005	11 557
Equivalised disposable income	*4 276*	*6 837*	*8 596*	*10 910*	*17 678*	*9 656*
Taxes on final goods and services	1 186	1 478	1 686	1 932	2 532	1 763
Intermediate taxes	370	472	563	662	940	601
Post-tax income	3 637	6 335	8 006	10 469	17 533	9 193
Benefits in kind						
Education	787	787	694	657	610	707
National health service	959	845	965	1 022	858	930
Housing subsidy	110	51	18	12	20	42
Travel subsidies	19	35	34	29	84	40
School meals and welfare milk	64	26	26	13	12	28
Final income	5 576	8 079	9 742	12 202	19 117	10 941
(viii) 2 adults 2 children						
Quintile points *(equivalised £)*	*5 452*		*7 083*	*8 734*	*11 123*	
Number of households in the sample	175	175	174	175	175	874
Original income	4 129	9 968	13 137	16 840	30 283	14 873
Direct benefits in cash						
Contributory						
Retirement pension	14	-	12	-	7	7
Sickness/ injury related	125	104	70	40	34	74
Unemployment benefit	205	74	12	34	59	77
Other	33	27	40	45	28	35
Total contributory	377	205	133	118	128	192
Non-contributory						
Supplementary benefit	1 019	137	40	61	22	256
Child benefit	743	757	736	736	734	741
Housing benefit	527	52	15	15	14	125
Sickness/ disablement related	28	28	38	7	38	28
Other	102	59	15	19	23	44
Total non-contributory	2 418	1 033	844	838	830	1 193
Gross income	6 924	11 206	14 114	17 796	31 241	16 259
Income tax[1] and Employees' NIC	648	1 743	2 450	3 137	6 255	2 847
Domestic rates(gross)	457	475	521	587	750	558
Disposable income	5 819	8 988	11 143	14 072	24 236	12 854
Equivalised disposable income	*4 121*	*6 345*	*7 871*	*9 819*	*16 815*	*8 995*
Taxes on final goods and services	1 157	1 528	1 758	1 913	2 385	1 748
Intermediate taxes	408	564	629	734	996	666
Post-tax income	4 255	6 896	8 756	11 426	20 856	10 440
Benefits in kind						
Education	1 760	1 516	1 704	1 819	1 710	1 702
National health service	1 082	1 044	1 047	974	923	1 014
Housing subsidy	135	41	26	29	11	48
Travel subsidies	19	21	25	39	76	36
School meals and welfare milk	174	43	46	50	50	73
Final income	7 426	9 561	11 603	14 337	23 626	13 313

1 After tax relief at source on mortgage interest and life assurance premiums.

Average incomes, taxes and benefits, 1987

By quintile groups within household type

TABLE 5 (continued)

	Quintile groups of households ranked by equivalised disposable income					All groups
	Bottom	2nd	3rd	4th	Top	
Average per household (£ a year)						
(ix) 2 adults with 3 or more children						
Quintile points (equivalised £)	*4 027*	*5 366*	*6896*	*8 623*		
Number of households in the sample	68	68	68	68	68	340
Original income	1 846	7 052	11 032	15 090	29 240	12 852
Direct benefits in cash						
Contributory						
Retirement pension	-	-	-	-	-	-
Sickness/ injury related	253	60	52	9	15	78
Unemployment benefit	295	52	42	30	4	85
Other	6	42	33	9	13	21
Total contributory	554	154	128	48	32	183
Non-contributory						
Supplementary benefit	1 864	633	273	184	9	593
Child benefit	1 356	1 242	1 189	1 192	1 144	1 225
Housing benefit	722	324	90	4	3	229
Sickness/ disablement related	-	278	81	132	-	98
Other	184	103	8	49	3	70
Total non-contributory	4 126	2 580	1 642	1 561	1 160	2 214
Gross income	6 526	9 787	12 801	16 699	30 432	15 249
Income tax[1] and Employees' NIC	201	1 300	2 004	2 873	6 998	2 675
Domestic rates (gross)	422	450	475	543	770	532
Disposable income	5 902	8 036	10 322	13 283	22 663	12 041
Equivalised disposable income	*3 284*	*4 663*	*6 080*	*7 732*	*13 446*	*7041*
Taxes on final goods and services	1 178	1 669	1 697	2 038	2 390	1 794
Intermediate taxes	399	581	555	761	1 133	686
Post-tax income	4 325	5 787	8 070	10 484	19 140	9 561
Benefits in kind						
Education	3 467	3 268	2 865	3 158	2 435	3 038
National health service	1 597	1 410	1 431	1 213	1 290	1 388
Housing subsidy	130	128	83	27	9	75
Travel subsidies	12	29	9	41	93	37
School meals and welfare milk	373	257	117	103	74	185
Final income	9 903	10 877	12 574	15 025	23 041	14 284
(x) 3 or more adults with children						
Quintile points *(equivalised £)*	*4 854*	*6 720*	*8 294*	*10 248*		
Number of households in the sample	80	79	80	79	80	398
Original income	4 376	11 475	16 275	19 903	31 063	16 623
Direct benefits in cash						
Contributory						
Retirement pension	225	352	307	119	54	211
Sickness/ injury related	224	210	99	67	105	141
Unemployment benefit	134	225	57	78	47	108
Other	60	42	54	38	28	44
Total contributory	644	829	517	302	234	505
Non-contributory						
Supplementary benefit	1 902	669	199	114	119	602
Child benefit	786	546	583	495	581	599
Housing benefit	529	168	34	33	2	154
Sickness/ disablement related	119	140	130	97	145	126
Other	422	236	313	296	129	279
Total non-contributory	3 758	1 760	1 259	1 036	977	1 760
Gross income	8 777	14 064	18 051	21 241	32 275	18 888
Income tax[1] and Employees' NIC	649	2 040	3 055	3 819	6 528	3 220
Domestic rates(gross)	510	501	494	527	744	555
Disposable income	7 619	11 523	14 502	16 895	25 003	15 113
Equivalised disposable income	*3 756*	*5 827*	*7 530*	*9 119*	*13 487*	*7946*
Taxes on final goods and services	1 566	2 249	2 722	2 876	3 524	2 587
Intermediate taxes	584	703	859	917	1 179	848
Post-tax income	5 470	8 570	10 921	13 103	20 300	11 677
Benefits in kind						
Education	2 707	2 428	2 033	2 175	1 955	2 259
National health service	1 401	1 314	1 092	1 110	1 076	1 198
Housing subsidy	134	63	50	55	38	68
Travel subsidies	74	64	98	117	147	100
School meals and welfare milk	253	67	48	30	29	86
Final income	10 039	12 507	14 242	16 590	23 545	15 389

1 After tax relief at source on mortgage interest and life assurance premiums.

Distribution of households[1] co-operating in the Family Expenditure Survey, 1987

By decile groups of households

TABLE 6

	Retired households		Non-retired households								
	1 adult	2 or more adults	1 adult	2 adults	3 or more adults	1 adult with children	2 adults with 1 child	2 adults with 2 children	2 adults with 3 or more children	3 or more adults with children	All house-holds
Decile groups of households ranked by equivalised disposable income											
Bottom	195	122	59	69	25	58	43	70	60	39	740
2nd	211	188	51	50	23	79	26	44	39	28	739
3rd	286	118	64	55	19	50	29	49	36	34	740
4th	144	139	50	85	56	36	46	98	47	38	739
5th	71	93	69	122	63	25	69	126	47	55	740
6th	38	62	63	140	105	11	82	128	43	68	740
7th	42	54	86	159	106	10	90	123	19	50	739
8th	21	40	87	217	117	8	81	106	15	48	740
9th	20	34	113	276	101	5	65	74	25	26	739
Top	31	28	157	317	67	2	61	56	9	12	740
All households ..	1 059	878	799	1 490	682	284	592	874	340	398	7 396

1 See Appendix 2 for definitions of retired households, adults and children.

APPENDIX 2

METHODOLOGY AND DEFINITIONS

The allocation of government expenditure and its financing

1. There are considerable difficulties in moving from the aggregates of government expenditure and financing published in the United Kingdom National Accounts - the CSO Blue Book - to apportioning taxes and benefits to individual households. We can obtain information about the types of household that receive cash benefits and pay direct taxes through surveys such as the Family Expenditure Survey (FES). From the replies respondents give to questions on their expenditure we can impute their payments of indirect taxes, and from information they supply about such factors as their ages and the number of children in the household we can estimate the average costs of providing them with social services, such as health and education. But there are other kinds of financing, such as corporation tax and government receipts from public corporations: no attempt is made in this analysis to apportion them to households because it would be too difficult. Similarly, there are other items of government expenditure, such as capital expenditure and expenditure on defence and on the maintenance of law and order, for which there is no clear conceptual basis for allocation, or for which we do not in any event have sufficient information to make an allocation. In all, 66 per cent of government financing (including the Borrowing Requirement) and 51 per cent of expenditure are allocated to households in this analysis.

Family Expenditure Survey (FES)

2. The estimates in this article are based mainly on data derived from the FES. The FES is an annual survey of the expenditure and income of private households. People living in hotels, lodging houses, and in institutions such as old peoples' homes are excluded. Each person aged 16 and over keeps a full record of payments made during 14 consecutive days and answers questions about hire purchase and other payments. The respondents also give detailed information, where appropriate, about income (including cash benefits received from the state) and payments of income tax. Information on age, occupation, education received, family composition and housing tenure is also obtained. The survey covers the whole 12 month period.

3. One of the main purposes of the FES is to produce information on household expenditure patterns which is used to derive the weights for the index of retail prices. The survey is conducted by the Office of Population Censuses and Surveys on behalf of the Central Statistical Office who analyse and report on it (prior to July 1989, the FES was the responsibility of the Department of Employment). The Family Expenditure Survey Report for 1987, containing detailed data on household characteristics, income, and expenditure, was published in June 1989. Details of the survey method are set out in 'The Family Expenditure Survey Handbook' by W F F Kemsley, R U Redpath and M Holmes. Both are published by Her Majesty's Stationery Office.

4. The number of households in the United Kingdom responding to the FES in 1987 was 7,396. The response rate in Great Britain was 72 per cent: the FES in Northern Ireland is done as a separate exercise to the rest of UK, with a larger sampling fraction, and only a proportion of these cases go into the UK analysis. To count as a co-operating household, all members aged 16 and over must fill in the diaries for both weeks and give full details of income etc. The available evidence suggest that older households, households where the head is self-employed, those without children and higher income households, are less likely to co-operate than others (see 'Family Expenditure Survey: a second study of differential response, comparing Census characteristics of FES respondents and non-respondents' by Bob Redpath, *Statistical News No 72*, February 1986. (HMSO)). In addition response in Greater London is noticeably lower than in other areas. However, at present, the results in this article are based on the responses of those households which actually co-operated in the survey and they are not reweighted. This means that some of the figures differ from those produced by other surveys such as the Survey of Personal Incomes from the Inland Revenue.

Unit of analysis

5. The basic unit of analysis in the article is the household, and not the family, individual or tax unit. A household is defined in the FES as comprising people who live at the same address and who share common catering for at least one meal a day. Spending on many items, particularly on food, housing, fuel and light, is largely joint spending by the members of the household. Without further information or assumptions it is difficult to apportion indirect taxes between individuals or other sub-divisions of households.

6. In classifying the households into various types, a **child** (ie a dependant) is defined as:

   either aged under 16

   or aged 16, 17 or 18 not married, and receiving full-time non-advanced further education. [The definition used in previous articles was a person aged under 16].

Most of the 'extra' adults in households with at least three adults are sons or daughters of the head of household rather than retired people.

7. **A retired household** is defined as one where the combined income of retired members amounts to at least half the total gross income of the household, where a retired person is defined as anyone who describes themselves as 'retired' or anyone over minimum NI pension age describing themselves as 'unoccupied' or 'sick or injured but not intending to seek work'.

8. By no means all retired people are in retired households: about one in five households comprising three or more adults contain retired people, for example, and households comprising one retired and one non-retired adult are often classified as non-retired.

9. The sample households have been classified according to their compositions at the time of the interview. This classification is sensible for the vast majority of households, but it can be misleading for the very small number of cases (26 in 1987) where a spouse is absent from the household at the time of interview. The absent spouse may well be working away from home (eg on an oil rig), or living separately - but contributing financially to the household's upkeep. These contributions would be picked up as part of the household's original income. Also, it is likely that some households will have changed their composition during the year.

10. Economically active people comprise employees, the self-employed and others not in employment but who are seeking or intending, when able, to seek work. In 1982 there were changes in the FES in the definition relating to economic activity. The effect of these changes is to exclude all those out of employment for more than a year rather than five years. This exclusion applies regardless of the fact that they may still describe themselves as seeking work. Also excluded are those who have not been in paid employment since leaving full-time education unless they have worked within the previous year; certain of the part-time self-employed with very small incomes: and those whose only economic activity is working as mail-order agents or baby-sitters.

Income: redistributive stages

11. Stage one:
Original income plus cash benefits = Gross income.

Stage two:
Gross income minus income tax, employees' National Insurance contributions and domestic rates = Disposable income.

Stage three:
Disposable income minus indirect taxes = Post-tax income

Stage four:
Post-tax income plus 'benefits in kind' = Final income.

12. The starting point of the analysis is **original income**. This is the annual income in cash of all members of the household before the deduction of taxes or the addition of any state benefits. It includes income from employment, self-employment, investment income, occupational pensions and annuities. Employment income is based on the last payment received before the interview or, where different, the amount usually received. Allowance is made for any periods of absence from work through sickness and unemployment in the preceding 12 months, and for bonuses. Income from self-employment is recorded in the FES for a past period. This is brought up to current levels using the average earnings index. Income from interest, dividends and rent is taken as the amount received in the 12 months before the interview. Income from occupational pensions is based on the last payment received.

13. About 99 per cent of original income comes from earnings, occupational pensions (including annuities) and investment income. The tiny bit remaining comes from a variety of sources: trade union benefits, income of children under 16, private scholarships, earnings as a mail order agent or babysitter, regular allowance from a non-spouse, allowance from an absent spouse and the imputed value of rent-free accommodation. Households living in rent-free dwellings are each assigned an imputed income based upon the rateable value of the dwelling. This is counted as employment income if the tenancy depends on the job.

14. The next stage of the analysis is to add cash benefits to original income to obtain **gross income**. This is slightly different to the 'gross normal weekly income' used in the FES Report, mainly because it excludes the imputed rent of owner-occupiers. Cash benefits are:

Contributory:

Retirement pension and Christmas bonus, unemployment benefit, sickness and industrial injury benefit, statutory sick pay, invalidity pension and allowance, industrial injury disablement benefits, widows' benefits, maternity allowance and statutory maternity pay.

Non-contributory:

Supplementary benefit, child benefit, housing benefit, attendance allowance, mobility allowance, war pensions, severe disablement allowance, family income supplement, old persons pension, government training scheme allowances (YTS etc), student maintenance awards, maternity grant.

15. Statutory Sick Pay is classified as a cash benefit even though it is paid through the employer.

16. Income from short-term benefits is taken as the product of the last weekly payment and the number of weeks the benefit was received in the 12 months prior to interview. Income from long-term benefits, and from housing benefit, is based on current rates.

17. Income tax, domestic rates and employees' and self-employed contributions to National Insurance and National Health services are then deducted to give **disposable income**. Taxes on capital, such as capital gains tax and inheritance tax, are not included in these deductions because there is no clear conceptual basis for doing so, and the relevant data is not available from the FES.

18. The figures for domestic rates include, as well as local authority rates, charges made by water authorities for water, environmental and sewerage services. Rates are shown in full with any rebates given in housing benefit. [In previous articles, domestic rates have been included in the 'indirect' tax category. They are now deducted in the derivation of disposable income in anticipation of their replacement by the community charge in 1989. The National Accounts system, which strongly influences this article, will be showing the community charge as a deduction before disposable income is produced].

19. The tax estimates are based on the amount deducted from the last payments of employment income and pensions, and on the amount paid in the last 12 months in respect of income from self-employment, interest, dividends and rent. The income tax payments recorded will therefore take account of a household's tax allowances, with the exception of tax relief obtained 'at source'. In 1987 there were two types of tax relief obtained in this way: mortgage interest relief and life assurance premium relief. Where households are eligible for these reliefs imputations are made and deducted from recorded income tax payments. In the case of mortgage interest relief obtained through the MIRAS scheme, which was introduced in April 1983, these imputations are based on the interest component of the latest mortgage repayment.

20. The next step is to deduct indirect taxes to give **post-tax income**. Indirect tax on final consumer goods and services include:

Duties on beer, wines, spirits, tobacco, oil, betting, etc
Value Added Tax (VAT)
Customs (import) duties
Car tax
Motor vehicle duties
Driving licences
Stamp duties
Gas levy

21. Taxes levied on final goods and services are assumed to be fully incident on the consumer, and can be imputed from a household's FES expenditure record. For example, the amount of VAT which is paid by the household is calculated from the household's total expenditure on goods and services subject to VAT.

22. VAT and car tax affect the prices of secondhand cars and are therefore assumed to be incident on the purchasers of such cars as

well as on the purchasers of new cars. In allocating taxes, expenditures recorded in the FES on alcoholic drink, tobacco, ice cream, soft drinks and confectionery are grossed up to allow for the known under-recording of these items in the sample. The true expenditure in each case is assumed to be proportional to the recorded expenditure. This approach has its drawbacks because there is some evidence to suggest that heavy drinkers, for example, are not picked up by the FES.

23. The incidence of stamp duty on house purchase on an owner-occupying household has been taken as the product of the hypothetical duty payable on buying their current dwelling (estimated from rateable values) and the probability of a household of that type moving in a given year (estimated from the General Household Survey).

24. Indirect taxes on intermediate goods and services are:

Local authority rates on commercial and industrial property
Motor vehicle duties
Duties on hydrocarbon oils
Employers' contributions to National Insurance, the National Health Service, the industrial injuries fund and the redundancy payments scheme
Customs (import) duties
Stamp duties
VAT

25. These are taxes that fall on goods and services purchased by industry. Only the elements attributable to the production of subsequent goods and services for final consumption by the UK personal sector are allocated in the article, being assumed to be fully shifted to the consumer. Their allocations between different categories of consumers' expenditure are based on the relation between intermediate production and final consumption using estimated input-output techniques. This process is not an exact science, and many assumptions have to be made.

26. Finally, we add those notional benefits in kind provided to households by government for which there is a reasonable basis for allocation to households, to obtain **final income**. Benefits in kind are:

State education
School meals and welfare milk
National Health service
Housing subsidy
Railway travel subsidy
Bus travel subsidy

27. Education benefit is estimated by the Department of Education and Science as the cost per pupil or student in special schools, primary and secondary schools, universities, and other further education establishments. The value of the benefit attributed to a household depends on the number of people in the household recorded in the FES as receiving each kind of education (students away from home are excluded).

28. The value of school meals and other welfare foods is based on their cost to the public authorities. Any payment by the individual household is subtracted to arrive at a net contribution.

29. Each individual in the FES is allocated a benefit from the National Health Service according to the estimated average use made of the various types of health service by people of the same age and sex, and according to the total cost of providing those services. The benefit from maternity services is assigned separately to those households containing children under the age of 12 months.

30. In this article public sector tenants are defined to include the tenants of local authorities, New Town Corporations, the Scottish Special Housing Association (SSHA), Northern Ireland Housing Executive (NIHE) and housing associations. The total housing subsidy includes the contribution from rate funds and from central government to the housing revenue accounts of local authorities: and grants paid to the New Town Corporations, the SSHA, the NIHE and housing associations. Within Greater London, the rest of England, Wales, Scotland and Northern Ireland each public sector tenant has been allocated a share of the region's total relevant subsidy based on the gross rateable value of his dwelling. Housing subsidy does not include mortgage interest tax relief, rent rebates and allowances or rate rebates included in housing benefit (see paragraphs 14 and 18 respectively).

31. The rail travel subsidies allocated are those to British Rail passenger operations and the London Underground. The subsidy to London and South East services is allocated to households living in the area and subsidies to provincial services to households living outside the South East, in proportion to households' expenditure on rail fares as recorded in the FES. A single allocation of the subsidy to inter-city services was made by dividing that subsidy between all households in proportion to their recorded expenditure on rail fares. In making both these allocations allowances are made for the use of rail travel by the business sector, tourists and the institutional part of the personal sector.

32. In this article, bus travel subsidy covers both the cost of concessionary travel schemes for senior citizens and others, and subsidies to operators. Separate allocations are made for Greater London, the other metropolitan areas and the rest of the United Kingdom. The subsidy is divided between households according to recorded expenditure on bus travel and the types of concessionary passes held.

33. We must emphasise that the analysis in this article provides only a very rough guide to the kinds of household which benefit from government expenditure, and by how much, and to those which finance it. Apart from the fact that large parts of expenditure and receipts are not allocated, the criteria used both to allocate taxes and to value and apportion benefits to individual households could be regarded as too simplistic. For example, the lack of data forces us to assume that the incidence of direct taxes falls on the individual from whose income the tax is deducted. This implies that the benefit of tax relief for mortgage interest, for example, accrues directly to the taxpayer rather than to some other party, for instance, the vendor of the land. It also implies that the working population is not able to pass the cost of the direct tax back to employers through lower profits, or to consumers through higher prices. And, in allocating indirect taxes we assume that the part of the tax falling on consumers' expenditure is borne by the households which buy the item or the service taxed, whereas in reality the incidence of the tax is spread by pricing policies and probably falls in varying proportions on the producers of a good or service, on their employees, on the buyer, and on the producers and consumers of other goods and services. Another example is that we know only an estimate of the total financial cost of providing benefits such as education, and so we have to treat that cost as if it measured the benefit which accrues to recipients of the service. In fact, the value the recipients themselves place on the service may be very different to the cost of providing it: moreover, there may be households in the community, other than the immediate beneficiaries, who receive a benefit indirectly from the general provision of the service.

Equivalence scale

34. The equivalence scale used in this analysis is the *McClements scale* (**before** housing costs are deducted). The scales (separate

ones for before and after housing costs) were developed by Dr L D McClements at the Department of Health and Social Security (DHSS) in the mid-seventies, based on expenditure data from the 1971 and 1972 FES. They are based on the assumption that it is possible to estimate equivalence scales from people's spending behaviour as recorded in the FES without making any specific assumption about the criteria for equivalence. These scales are in regular use, though it is recognised that they are based on what is now rather old expenditure data and that it might be desirable to update them. The scales are regarded as plausible and they are well within the range of equivalence scales developed at different times in a number of countries. Hence their use is fully justified for broad statistical standardisation pending any re-calculation.

35. The equivalence values are given below:

Type of household member	Equivalence value
a. married head of household (ie a married couple of 2 adults)	1.00
1st additional adult	0.42
2nd (or more) additional adult	0.36 (per adult)
b. single head of household (ie 1 adult)	0.61
1st additional adult	0.46
2nd additional adult	0.42
3rd (or more) additional adult	0.36 (per adult)
c. Child aged:	
16-18	0.36
13-15	0.27
11-12	0.25
8-10	0.23
5-7	0.21
2-4	0.18
under 2	0.09

The values for each household member are added together to give the total equivalence number for that household. This number is then divided into the disposable income for that household to give **equivalised disposable income**. For example, a household has a married couple with 2 children (aged 6 and 9) plus one adult lodger. The household's equivalence number is 1.0+0.21+0.23+0.42=1.86. The household's disposable income is £20,000, and so its equivalised disposable income is £10,753 (=£20,000/1.86).

36. This quantity is used to produce the single ranking used in all the tables in this article (apart from the Gini coefficients which have to be ranked afresh for each different definition of income). [In previous articles, three types of ranking were used: the main one was using original income but gross income and disposable income were also used. In addition, the tables showing income shares were re-ranked for each separate income measure]. It is important to note that most monetary values shown in the article are ordinary (ie *un*equivalised) £ a year, not equivalised £ a year. Where equivalised £ a year do appear (eg the quintile points in Table 3 of Appendix 1), they are shown in italics.

Gini coefficient

37. The Gini coefficient is the most widely used summary measure of the degree of inequality in an income distribution. It can most easily be understood by considering a Lorenz curve of the income distribution, (see Diagram B) ie a graph of the cumulative income share against the cumulative share of households. The curve representing complete equality of income is thus a diagonal line while complete inequality (with only one recipient of income) is represented by a curve comprising the horizontal axis and the right-hand vertical axis (see Diagram A). The area between the Lorenz curve and the diagonal line of complete equality, as a proportion of the triangular area between the curves of complete equality and inequality, gives the value of the Gini coefficient. Thus a distribution of perfectly equal incomes has a Gini coefficient of zero; as inequality increases (and the Lorenz curve bellies out), so does the Gini coefficient until, with complete inequality, it reaches its maximum value of 1 (or 100 per cent).

38. To calculate the Gini coefficient for an income distribution, the first step is to rank that distribution in ascending order. All the Gini coefficients shown in this article(apart from the few on the 'old' basis in Appendix 4) are based on distributions of equivalised income eg the coefficient for original income is calculated after dividing the original income for all the households by their appropriate equivalence values.
[In previous articles, no such equivalisation was used].

Diagram A

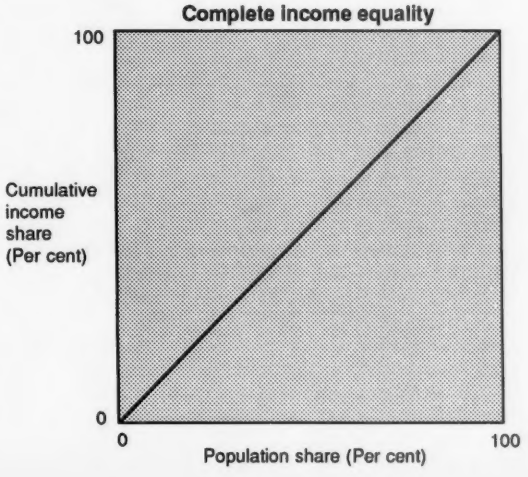
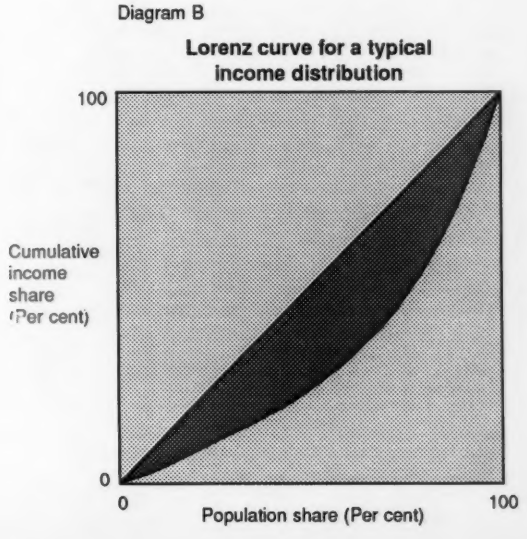


Diagram B



39. Strictly speaking, one could argue that the equivalence scales used here are only applicable to disposable income because this is the only income measure relating directly to spending power. Since the scales are often applied, in practice, to other income measures, we are content to use them to equivalise original, gross and post-tax income for the purpose of producing Gini coefficients (and in the tables giving percentage shares of total income). However, we do not think it is appropriate to equivalise the final income measure because this contains notional income from benefits in kind (eg state education): the equivalence scales used here are based on actual household spending and do not, therefore, apply to such items.

Sampling errors and reliability

40. As the FES is a sample survey, data from it will differ in varying degrees from those of all households in the UK. The degree of difference will depend on how widely particular categories of income and expenditure vary between households. This 'sampling error' is smallest in relation to, say, the average expenditure of large groups of households on items purchased frequently (when spending does not vary greatly between households). Conversely, it is largest for small groups of households, and for items or services purchased infrequently (for which expenditure varies considerably between households). A broad numerical measure of the amount of variability is provided by the quantity known as the standard error.

41. The formula used below is a simple approximation, obtained by regarding the co-operating households as if they were a representative sample, from a single-stage random selection, of all private households in the United Kingdom. This simple random sample formula therefore takes no account of the multi-stage design of the actual sample: it is very likely to yield smaller estimates than the more complicated formula for the multi-stage process. The standard error of the mean for N households is $S/\sqrt{N}$ where S^2 is the estimate of the population variance. Table (i) gives the standard errors of the mean for the five income measures, for all households and the ten household types. These figures are very likely to be under-estimates of the actual values.

42. The standard errors can be used to give an idea of the reliability of a mean by quoting a confidence interval of the form:

estimate of mean + or - (1.96 * standard error)

where the factor 1.96 corresponds to the 95% confidence interval.

Standard errors of the mean, 1987

TABLE (i)

Household type	Number in sample	Standard error of the mean for the 5 income measures (£ a year):				
		Original income	Gross income	Disposable income	Post-tax income	Final income
All households	7 396	134	125	92	83	86
Non-retired	5 459	157	148	110	100	104
Retired	1 937	149	147	103	96	99
1 adult retired	1 059	140	136	108	105	106
2 or more adults retired	878	273	264	168	159	162
1 adult non-retired	799	307	288	207	194	192
2 adults non-retired	1 490	280	264	186	172	171
3 or more adults non-retired	682	507	476	383	361	371
1 adult with children	284	244	195	169	162	203
2 adults and 1 child	592	405	378	260	234	234
2 adults and 2 children	874	402	387	296	281	283
2 adults and 3 or more children	340	723	677	447	398	398
3 or more adults with children	398	539	486	366	332	341

Standard errors for disposable income for quintile groups within households type, 1987

Households ranked by equivalised disposable income

TABLE (ii)

Household type	Number in sample	Standard error of mean disposable income for quintile groups (£ a year):					
		Bottom	2nd	3rd	4th	Top	All households
All households	7 396	44	64	84	105	286	92
Non-retired	5 459	65	84	100	132	351	110
Retired	1 937	47	46	54	79	389	103
1 adult retired	1 059	21	8	6	15	462	108
2 or more adults retired	878	58	28	64	78	596	168
1 adult non-retired	799	49	38	42	57	697	207
2 adults non-retired	1 490	75	48	51	66	445	186
3 or more adults non-retired	682	192	163	183	244	1 246	383
1 adult with children	284	166	102	127	144	542	169
2 adults and 1 child	592	119	79	84	132	660	260
2 adults and 2 children	874	101	72	90	111	1 009	296
2 adults and 3 or more children	340	166	137	152	195	1 548	447
3 or more adults with children	398	230	268	220	275	974	366

Standard errors for disposable income expressed as a percentage of the mean, 1981 to 1987

TABLE (iii) **OLD BASIS**

Household type	Number in sample	Standard errors for disposable income expressed as a percentage of the mean						
	(1986)	1981	1982	1983	1984	1985	1986	1987
All households	7 178	0.8	1.1	0.8	0.8	0.8	1.0	0.9
Non-retired	5 366	0.9	1.2	0.8	0.8	0.8	1.0	0.9
Retired	1 812	1.3	1.2	1.4	1.4	1.6	1.6	1.9
1 adult retired	986	1.4	1.2	1.5	1.5	1.4	1.8	2.8
2 or more adults retired	826	1.7	1.5	1.8	1.8	2.0	2.0	2.4
1 adult non-retired	758	2.7	2.8	2.4	2.5	2.3	3.3	2.9
2 adults non-retired	1 530	2.0	1.3	1.7	1.4	1.4	2.3	1.5
3 or more adults non-retired	746	1.4	1.4	1.6	1.7	1.6	1.7	2.1
1 adult with children	266	9.6	3.1	3.6	3.5	3.3	3.2	3.5
2 adults and 1 child	550	2.0	2.5	1.9	2.2	2.3	3.4	2.3
2 adults and 2 children	742	1.4	1.5	1.7	1.9	1.7	1.8	2.4
2 adults and 3 or more children	325	2.8	2.9	2.7	3.3	3.8	3.0	2.9
3 or more adults with children	449	1.9	6.2	1.8	1.8	2.5	3.0	2.7

For example: the mean disposable income for all households is £10,074 (see Table 3 in Appendix 1), and its standard error is £92 (from Table (i)). So the confidence interval for the population value is £10,074 + or - £180 ie about (£9,900 to £10,250). It is very likely that the mean disposable income for the whole population (ie all UK private households) will lie in this range, though the interval is likely to be larger if the more accurate standard error formula is used.

43. The standard errors for the household types are larger than for the whole sample, mainly because the sample sizes concerned are smaller. For quintile groups of given household types, the sample sizes are of course smaller still, which would tend to increase sampling variability. On the other hand, the income values are by definition in a narrower range which would tend to reduce the sampling error. Precise estimates of standard errors for averages for quintile groups are complicated to produce. As well as the variability of the observations between the quintile points, we should also take account of the randomness which exists because the sample quintile points are themselves subject to random variation. However, to get a feel for the order of magnitude involved, we have ignored the latter element of variability and have estimated the standard error of the mean for the quintile groups of disposable income using the simple random sample formula ($S/\sqrt{N}$). This formula almost certainly under-estimates the actual values, and for sample sizes of 50-500 the simple formula may seriously underestimate the error (the true value may be as much as twice the simple estimate). Table (ii) gives these estimated standard errors for disposable income. The standard errors of the top quintile group are always much larger than for the other quintile groups. This is not surprising as, in general, any distribution of incomes has a long positive tail. The standard errors for the top quintile group are so large that it is doubtful whether the averages for this group are reliable enough to be worth quoting in the tables in this article.

44. Another aspect of sampling errors and reliability is the variation from year to year. Table (iii) gives the standard error of the mean (expressed as a percentage of the mean) for disposable income for the seven years from 1981 to 1987. Note that this table is in terms of the old methodology and definitions. The two groups with consistently high proportionate standard errors are one adult with children, and two adults with 3 or more children. Relatively small groups like these are more likely to be strongly influenced by unusually large income and expenditure values.

If the change between years were to be considered, then it is the standard error of the *difference* between years that is relevant. This is about twice the size of the standard error for a particular year - because the standard errors for the individual years are effectively added together.

Previous articles

45. This article is the latest in an annual series. Earlier articles covering the years 1957 to 1986 were published in the following issues of *Economic Trends:* November 1962, February1964, August 1966, February 1968, 1969, 1970, 1971, 1972, November 1972 and 1973, December 1974, February 1976, December 1976, February 1978, January 1979, 1980, 1981 and 1982, December 1982, November 1983, December 1984, December 1985, July 1986, November 1986, July 1987 and December 1988. **This year's article** has such a marked change in methodology that the results are **completely incompatible with** those for **earlier years**. We intend to produce a consistent time series (as far as the ever-changing FES will allow) for a selection of tables in the next article.

46. The results in previous articles were designed to be freestanding: they were *not* designed for direct comparison with other years except where some limited comparisons were made in the articles. Such comparisons are fraught with difficulty because of changes in definitions eg housing benefit in 1983. However, some broader measures like the Gini coefficients quoted in those earlier articles are relatively robust and will stand comparison with other years. Enquiries should be addressed to Dave Westcott, Branch E2, Central Statistical Office, Room 1936, Millbank Tower, Millbank, London SW1P 4QU.

APPENDIX 3

CHANGES IN THE METHODOLOGY THIS YEAR

Background

1. This year we have used equivalisation in the article extensively for the first time. This is the major change. At the same time, we have taken the opportunity to review the methodology in general - the first such review for over 10 years. As a result of this review, we have made various changes in definition and coverage to improve the analysis and make it more amenable to time series work. This review has taken some time and hence this year's article has taken longer to publish than previous articles. The changes are described below.

Equivalisation

2. Equivalisation of income means adjusting income for household size and composition. The main effect is that small households are no longer concentrated at the bottom of the income distribution, nor are larger households concentrated at the top. The effects of equivalisation are covered in detail in Part II of this article, and a description of the McClements equivalence scale (before deducting housing costs) is given in paragraphs 34-36 of Appendix 2. By equivalising the income distributions for a period of years, any changes (eg growing proportion of single retired households in the country) in household size or composition (ie demographic changes) will be automatically taken into account. Hence, these 'standardised' income distributions for a period of years allow a much more meaningful and consistent time series analysis than is possible without equivalisation. In the next article, we intend to produce a time series for selected tables on a consistent basis (or as consistent as the ever-changing FES will allow).

3. It is very important to note that we have confined the use of equivalisation to the ranking of income that produces the distribution of quintiles and deciles. So the vast majority of monetary values quoted in the tables are ordinary £ a year, and not equivalised £ a year. Some of the tables in Appendix 1 show the decile and quintile points which are given in equivalised money (and printed in *italics*), but all other monetary values are average £ a year for the particular quintile group or decile group concerned.

4. For example, Table 3 of Appendix 1 shows the stages of the tax-benefit system for quintile groups of households, ranked by equivalised disposable income. This table was produced as follows:

- take each household's disposable income and divide it by the household's equivalence factor to produce the households equivalised disposable income eg disposable income of £18,000, equivalence factor 1.18, equivalised disposable income of £15,254
- rank the equivalised disposable incomes in ascending order
- divide this income distribution into quintile groups
- calculate, for each quintile group separately, the average (unequivalised) values of original income, cash benefits, gross income, tax payments, disposable income etc.

Ranking the income distribution

5. We have decided to use only one system for ranking the income distribution for percentile analysis, viz equivalised disposable income. In previous articles, there were three ways of ranking income: the most common was by original income, but gross income and disposable income were also used. This could have led to some confusion because the bottom quintile group (say) of original income would not contain the same households as the bottom quintile group of gross income. So now, the bottom quintile group of households refers to the same set of households throughout the entire article.

6. We chose the disposable income measure because this corresponds most closely to the cash amounts that households have to spend on goods and services - and the equivalisation process is most appropriate to this income measure. Strictly speaking, the equivalisation process is not appropriate to apply to the original income, gross income or post-tax income measures. In practice, the process is widely used elsewhere on many income measures and so we apply it to these other income measures in this article for the calculation of percentage shares of total household income, and Gini coefficients. However we do not think it is appropriate to equivalise final income because it contains notional income from benefits in kind (eg from state education) that is not available in cash for the household to spend.

7. The tables showing percentage shares of total household income (Tables C, J and M in Part I) are now based on the one ranking (ie equivalised disposable income). So, for example, in Table C the bottom quintile group of households (when ranked by equivalised disposable income) had 2.1 per cent of the total equivalised household original income. The same set of households had 7.5 per cent of the total household equivalised gross income etc. By staying with the same groups of households, the effects of the tax-benefit system are more clearly seen. In previous articles, the income distribution was re-ranked for each of the income measures. Hence the bottom quintile of households for original income was different to the bottom quintile group for gross income etc.

8. The Gini coefficients are the only part of the new method of analysis where the single ranking rule is broken. The Gini coefficient needs a distribution of income in ascending order. So, for example, the coefficient for original income has to have the (equivalised) original incomes ranked in order. As mentioned in paragraph 6 above, we do not think it is appropriate to equivalise final income - so there is now no percentage share or Gini coefficient for this income measure.

Original income

9. A comprehensive coverage (with accurate valuations) of the many minor perks which attach to various types of employment is not possible. Original income, therefore, no longer includes free meals and food from employer, luncheon vouchers and concessionary coal and coke. These had become small in money terms: £218 a year on average for the 533 sample households receiving free meals and food, £222 a year for the 77 households with luncheon vouchers, and £319 a year for the 85 households getting coke and coal (the corresponding amounts for the whole sample are £16, £2 and £4). Their valuations were rather arbitrary. However, there are much more significant items, most notably the company car, which are seen not as a 'fringe benefit' or 'perk' but as an integral part of the remuneration package. We intend to extend the analysis to cover this item in future years (a question on the engine size of company cars was introduced into the 1990 FES), and follow Inland Revenue valuations.

Disposable income

10. We have re-defined this income measure to be exclusive of domestic rates (which were previously in the indirect tax section along with VAT, duty on beer etc). This change is made in anticipation of community charge data being available in the 1989 FES and onwards. The National Accounts system, which we use extensively in our analysis, will show the community charge as a deduction before arriving at disposable income - we will follow suit. For the sake of only 2 year's data (ie 1987 and 1988) it seems silly to introduce a discontinuity in the series, when it can so easily be avoided.

Domestic rates

11. Domestic rates are now shown in full ie before any rebates which are now shown as a cash benefit (as part of housing benefit). This will be very useful in the next article (which will look at disposable income in earlier years) because it avoids a discontinuity - arising from the introduction of Housing Benefit in 1983 - which was present under the old definition. In previous articles, domestic rates were shown net of rebates and these rebates were excluded from cash benefits.

Definition of a 'child'

12. The new definition, given in paragraph 6 of Appendix 2, is now the same as that used in the derivation of a tax unit (and hence is in line with usage in other Government Departments). The old definition was that anyone under 16 was a child - mainly because anyone over 16 in the FES had to fill in a diary record of their expenditure over a fortnight. The number of children in the 1987 FES is 4,283 on the old basis and 4,555 on the new basis. This change of definition will, of course, have an effect on the ten household types shown in Table 5 of Appendix 1.

APPENDIX 4

Selection of tables on the old basis

CONTENTS

Table

Average incomes, taxes and benefits, 1987

By decile groups of households ranked by original and disposable income 1

Percentage distribution of original, gross, disposable, post-tax and final income, households re-ranked at each stage, 1975-87 2

Gini coefficients for the distribution of income at each stage of the tax-benefit system, 1975-87 3

Average incomes, taxes and benefits, 1987

By decile groups of households ranked by original and disposable income

TABLE 1 — **OLD BASIS**

£ per year

	Decile group										Average over all decile groups
	Bottom	2nd	3rd	4th	5th	6th	7th	8th	9th	Top	
(i) Ranked by original income											
All households											
Decile Points (£)	31	820	2 757	6 030	8 897	11 502	14 222	17 333	23 382		
Number of households in the sample	740	739	740	739	740	740	739	740	739	740	7 396
Original income	3	319	1 686	4 383	7 504	10 246	12 832	15 896	20 166	34 542	10 759
Direct benefits in cash											
Contributory											
Retirement pension	1 206	1 865	1 797	1 159	605	337	247	232	164	160	777
Sickness/ injury related	150	146	198	234	130	115	77	78	72	53	125
Unemployment benefit	69	41	83	114	76	70	67	31	43	45	64
Other contributory benefits	29	53	66	80	77	46	40	30	27	16	46
Total contributory benefits	1 454	2 105	2 144	1 587	889	568	430	371	306	274	1 013
Non-contributory											
Supplementary benefit	1 152	495	323	299	148	60	82	32	39	35	267
Child benefit	246	94	110	190	238	322	305	312	279	254	235
Rent rebates/ allowances	748	392	192	142	41	20	21	1	2	3	156
Sickness/ disablement related	186	135	180	104	129	52	51	31	41	20	93
Other non-contributory benefits	78	97	130	125	78	54	62	73	62	26	79
Total non-contributory benefits	2 409	1 213	935	860	636	509	521	450	424	339	829
Gross income	3 866	3 637	4 766	6 830	9 029	11 324	13 784	16 717	20 896	35 155	12 601
Income tax[1] and Employees' NIC	-21[3]	8	119	575	1 274	1 898	2 421	3 182	4 272	8 195	2 193
Disposable income	3 887	3 629	4 646	6 255	7 755	9 425	11 362	13 535	16 623	26 960	10 408
Domestic rates[2]	153	208	338	392	435	455	480	526	581	731	430
Taxes on final goods and services	543	532	790	1 100	1 397	1 559	1 827	2 105	2 368	3 006	1 523
Intermediate taxes	196	219	289	384	454	525	609	696	776	1 103	525
Post-tax income	2 996	2 671	3 229	4 379	5 469	6 887	8 446	10 208	12 898	22 120	7 931
Benefits in kind											
Education	570	301	434	544	634	766	788	951	836	732	656
National health service	971	1 029	997	895	862	810	815	788	748	787	870
Housing subsidy	156	89	85	74	62	45	37	27	24	16	61
Travel subsidies	37	46	55	48	41	44	48	47	72	121	56
School meals and welfare milk	76	34	33	43	28	20	23	21	21	15	31
Final income	4 804	4 170	4 833	5 983	7 097	8 751	10 157	12 041	14 598	23 791	9 605
(ii) Ranked by disposable income											
All households											
Decile points (£)	3 166	4 293	5 554	7 103	8 720	10 493	12 479	14 873	19 172		
Number of households in the sample	740	739	740	739	740	740	739	740	739	740	7 396
Original income	413	1 047	2 098	4 444	7 263	9 932	12 649	15 682	19 960	34 090	10 759
Direct benefits in cash											
Contributory											
Retirement pension	1 472	1 440	1 464	991	757	473	370	314	268	222	777
Sickness/ injury related	29	98	132	263	153	147	155	114	83	78	125
Unemployment benefit	26	48	96	96	77	71	67	47	63	50	64
Other contributory benefits	39	50	65	55	59	49	54	40	35	19	46
Total contributory benefits	1 566	1 636	1 756	1 406	1 046	740	646	515	449	369	1 013
Non-contributory											
Supplementary benefit	250	484	590	476	333	190	120	102	59	62	267
Child benefit	33	97	176	248	269	329	307	309	303	280	235
Rent rebates/ allowances	338	445	362	185	111	41	32	23	9	16	156
Sickness/ disablement related	31	65	115	163	135	131	89	78	75	47	93
Other non-contributory benefits	43	57	92	96	106	92	52	108	86	53	79
Total non-contributory benefits	695	1 148	1 335	1 168	954	784	601	620	531	459	829
Gross income	2 674	3 831	5 189	7 018	9 263	11 456	13 895	16 817	20 941	34 919	12 601
Income tax[1] and Employees' NIC	59	132	303	727	1 355	1 857	2 497	3 180	4 139	7 675	2 193
Disposable income	2 615	3 699	4 886	6 292	7 907	9 600	11 398	13 637	16 802	27 244	10 408
Domestic rates[2]	213	238	296	368	408	451	484	523	592	726	430
Taxes on final goods and services	406	559	806	1 129	1 379	1 575	1 824	2 131	2 422	2 995	1 523
Intermediate taxes	180	218	291	366	458	522	607	708	813	1 088	525
Post-tax income	1 816	2 685	3 493	4 428	5 681	7 051	8 483	10 276	12 976	22 435	7 931
Benefits in kind											
Education	168	198	433	611	657	895	856	970	976	791	656
National health service	825	857	987	930	898	890	856	825	802	834	870
Housing subsidy	85	121	100	85	66	52	34	22	30	18	61
Travel subsidies	37	40	49	42	50	49	39	56	82	115	56
School meals and welfare milk	9	23	53	65	41	36	24	22	22	18	31
Final income	2 939	3 923	5 115	6 161	7 374	8 972	10 292	12 172	14 888	24 210	9 605

1 Net of tax relief at source on mortgage interest and life assurance premiums. See Appendix 1.
2 Net of the rate element of housing benefit, but including water, etc. charges.
3 Negative average tax payment results largely from imputed tax relief on life assurance premiums paid by those with nil or negligible tax liabilities.

Percentage distribution of original, gross, disposable, post-tax, and final income, households re-ranked at each stage, 1975-87

TABLE 2

OLD BASIS

	1975	1977	1979	1981	1983	1985	1986	1987
Original income								
Quintile group								
Bottom	0.8	0.6	0.5	0.6	0.3	0.3	0.3	0.3
2nd	10	10	9	8	7	6	6	6
3rd	19	19	19	18	18	17	16	16
4th	26	27	27	27	27	27	27	27
Top	44	44	45	46	48	49	51	51
All households	100	100	100	100	100	100	100	100
Gross income								
Quintile group								
Bottom	5.5	5.7	5.5	5.6	5.7	5.4	5.3	5.1
2nd	12	12	11	11	11	10	10	10
3rd	18	18	18	17	17	17	16	16
4th	25	25	25	25	25	25	24	24
Top	40	40	40	41	42	43	44	45
All households	100	100	100	100	100	100	100	100
Disposable income								
Quintile group								
Bottom	6.6	6.9	6.5	6.7	6.8	6.5	6.2	6.1
2nd	13	13	12	12	12	11	11	11
3rd	18	18	18	18	18	17	17	17
4th	24	24	25	24	24	24	24	24
Top	38	38	39	39	40	41	42	42
All households	100	100	100	100	100	100	100	100
Post-tax income								
Quintile group								
Bottom	6.2	6.4	6.1	6.0	6.0	5.6	5.1	5.1
2nd	12	12	11	11	11	11	10	10
3rd	18	18	18	17	17	17	16	16
4th	24	24	25	24	24	24	24	24
Top	39	39	40	41	42	43	45	45
All households	100	100	100	100	100	100	100	100
Final income								
Quintile group								
Bottom	7.1	7.3	7.1	7.2	6.9	6.7	6.3	6.2
2nd	13	13	12	12	12	12	11	11
3rd	18	18	18	18	18	17	17	17
4th	24	24	24	24	24	24	24	24
Top	38	38	38	39	39	40	42	42
All households	100	100	100	100	100	100	100	100

Gini coefficients for the distribution of income at each stage of the tax-benefit system, 1975-87

TABLE 3

OLD BASIS

	1975	1977	1979	1981	1983	1985	1986	1987
Gini coefficients (per cent)								
Original income	43	44	45	47	49	51	52	52
Gross income	35	34	35	36	36	38	40	40
Disposable income	32	31	33	33	33	35	36	37
Post-tax income	33	33	35	36	36	38	40	40
Final income	31	31	32	32	33	34	36	36

Index of sources

United Kingdom balance of payments: United Kingdom national accounts. In addition to the series indexed below, further detailed statistics are included in the regular quarterly articles (see inside back cover).

	Table	*Source*	*Further statistics*
Average earnings	1,23	Department of Employment	Monthly Digest of Statistics Employment Gazette
Balance of payments	1,27	Central Statistical Office	Financial Statistics Quarterly articles in Economic Trends
Banking		Bank of England	Financial Statistics
Bank loans, advances and acceptances	36,37,38		
British government securities (long dated)			
20 years yield	39		
Building societies		Bank of England	Financial Statistics
Advances on new dwellings	12	Building Societies Association	
Average prices of new dwellings on mortgage (see also Housing)	12		
Commitments on new dwellings	12		
Recommended share rate (see also Interest rates)	39		
Capital account summary, analysis by sector	33	Central Statistical Office	Financial Statistics
Car registrations and production (see also Motor vehicles)	6,19		
CBI Intentions Inquiry (see also Fixed investment)	10		
Coal (see also Energy)	15		
Commercial vehicles, production (see also Motor vehicles)	19		
Companies		Central Statistical Office	Financial Statistics
Financial companies			
Capital account, financial surplus/deficit	33		
Saving	33		
Gross trading profits	34		
In relation to total domestic income	7		Monthly Digest of Statistics
Industrial and commercial companies	34		Financial Statistics
Appropriation account	34		
Dividends, interest and current transfer payments	34		
Fixed investment	36		
Income	34		
Net borrowing requirement	36		
Saving	33,34,35		
Security prices and yields (see also Interest rates)	39		
Stock appreciation	34		
Taxes	34		
Construction industry		Department of the Environment	Housing and Construction Statistics
Index of output (see also Industrial production)	17		
Orders received	10,12,18		
Output	18		
Consumer credit	6	Central Statistical Office	Financial Statistics
Consumers' expenditure		Central Statistical Office	Monthly Digest of Statistics
Component categories	5		
In relation to personal income	4		
In relation to total final expenditure	7		
Per head	8		
Counterparts to changes in M3	30	Bank of England	Financial Statistics
Credit business (see Hire purchase)	6		

Current balance (see also Balance of payments)	1,27		
Cyclical indicators (see article on page 70)			
Distributive trades		Central Statistical Office	Monthly Digest of Statistics
Output (see also Retail sales; Stocks)	17		
Dividends, interest and current transfer payments	34		
Domestic income (see also Incomes)	8		
Dwellings (see also Housing)	12		
Earnings (average)	1,23	Department of Employment	Monthly Digest of Statistics Employment Gazette
Electricity (see also Energy)	15		
Employed labour force	20,21	Central Statistical Office	Monthly Digest of Statistics
Employees in employment		Department of Employment	Monthly Digest of Statistics
All industries and services and manufacturing	21		Employment Gazette
Energy	15		
Consumers' expenditure on fuel and light	5	Central Statistical Office	Monthly Digest of Statistics
output index for energy and water supply	16		Monthly Digest of Statistics
Primary fuel input: total, coal and petroleum	15	Department of Energy	United Kingdom Energy Statistics
Public supply: electricity	15		Energy Trends
Engineering industries		Department of Trade and Industry	Monthly Digest of Statistics
Sales and orders: total, home market and export	18		Business Bulletin
Eurodollar-3-month rate (see also Interest rates)	39		
Exchange rates	1,28	Bank of England	Financial Statistics
Expenditure (see also Total final expenditure)	3,7		
Exports		Department of Trade and Industry	Monthly Digest of Statistics
Of goods			Business Bulletin
Unit value index	25		Monthly Review of External Trade Statistics
Unit value index for manufactures (international comparisons)	26		
Value	27		
Volume index	25		
Of goods and services	3,7	Central Statistical Office	Monthly Digest of Statistics
Of passenger cars, commercial vehicles	19		
Orders; engineering industries	18		
Relative prices (as measure of trade competitiveness)	26	Department of Trade and Industry	Monthly Review of External Trade Statistics
Relative profitability (as measure of trade competeiveness	26		
Final expenditure (see also Total final expenditure)	3,7		
Financial companies (see also Companies)	33		
Fixed investment			
By industrial and commercial companies (see also Companies)	36		
By sector and by type of asset	9	Central Statistical Office	Monthly Digest of Statistics
Dwellings (see also Housing)	9,12		Business Bulletin
In relation to total final expenditure	3,7		Monthly Digest of Statistics
Manufacturing industry			
CBI Intentions Inquiry	10	Confederation of British Industry	Industrial Trends Survey
CSO inquiry into investment intentions	11	Central Statistical Office	
Contractors' orders for private industrial work	10	Department of the Environment	Housing and Construction Statistics
In plant and machinery, new buildings and work	10	Department of Trade and Industry	Monthly Digest of Statistics
Gas (see also Energy)	15		
General government consumption of goods and services	3,7	Central Statistical Office	Monthly Digest of Statistics
Receipts and expenditure	31		Financial Statistics

Gross domestic fixed capital formation (see also Fixed investment)	7,9,12,34		
Gross domestic product	2	Central Statistical Office	Monthly Digest of Statistics
And components of final expenditure	3		
In relation to output	17		
In relation to stocks	14		
Per head	8		
Gross national product per head	8	Central Statistical Office	Not published elsewhere
Gross trading profits of companies (see also Companies)	34		
Hire purchase debt	6	Department of Trade and Industry	Monthly Digest of Statistics Business Bulletin Financial Statistics
Housing			
Average price of new dwellings mortgages approved	12	Department of the Environment Building Societies Association	Housing and Construction Statistics
Commitments and advances on new dwellings	12	Building Societies Association	Financial Statistics
Consumers' expenditure on housing	5	Central Statistical Office	Monthly Digest of Statistics
Fixed investment in dwellings	9,12		
Orders received by contractors for new houses	12	Department of the Environment	Monthly Digest of Statistics
Starts and completions	12	Scottish Development Department	Housing and Construction Statistics
Imports			
Of goods		Department of Trade and Industry	Monthly Digest of Statistics
Unit value index	25		Business Bulletin
Value	27		
Volume index	25		
Of goods and services in relation to total final expenditure	3	Central Statistical Office	Monthly Digest of Statistics
Price competitiveness	26	Department of Trade and Industry	Not published elsewhere
Incomes		Central Statistical Office	Monthly Digest of Statistics
Company income (see also Companies)	34		
Income from employment as a percentage of total domestic income (see also Wages: Earnings)	7		
Personal disposable income	4		
Per head	8		
Personal income before tax	4		
Total domestic income	7		
Industrial and commercial companies (see also Companies)	34		
Industrial production: index of output	1,16	Central Statistical Office	Monthly Digest of Statistics
By market sector	16		
By selected industries	16		
In relation to output	17		
In relation to stocks (manufacturing industries)	14		
Inter-bank 3-month rate (see also Interest rates)	39		
Interest rates	39	Central Statistical Office Bank of England HM Treasury Building Societies Association *Financial Times* Institute of Actuaries Faculty of Actuaries	Financial Statistics
British government securities long-dated (20 years) yield			
Building Societies Association recommended share rate			
Eurodollar 3-month rate			
Financial Times index of industrial ordinary shares			
Inter-bank 3-month rate			
Local authorities 3-month deposit rate			
Selected retail banks base rate and 7-day deposits			
Sterling certificates of deposit			
Treasury bill yield			
US $ deposits in London			
Invisibles (see also Balance of payments)	27		

Liquidity, private sector	29	Bank of England	Financial Statistics
Local authorities 3-month deposit rate (see also Interest rates)	39		
Manufacturing industry (see Banking; Employees in employment; Fixed investment; Hours worked; Industrial production; Output per person employed; Output per person hour; Stocks; Wage rates; Wages and salaries)			
Money stock	1,29,30	Bank of England	Financial Statistics
Motor vehicles			
New car registrations	6	Department of Transport	Monthly Digest of Statistics
Production of passenger cars and commercial vehicles: total and for export	19	Department of Trade and Industry	Business Bulletin
National disposable income	2	Central Statistical Office	
Official reserves	1,28	HM Treasury	Financial Statistics Monthly Digest of Statistics
Orders received			
By construction industry (see also Construction)	10,12,18		
By contractors for private industrial work	10	Department of the Environment	Housing and Construction Statistics
By engineering industries (see also Engineering)	18		
Output			
By construction industry (see also Construction)	17,18		
By engineering industries (see also Engineering)	18		
Index numbers by industry groups	17	Central Statistical Office	Monthly Digest of Statistics
manufacturing industries	16		
Per person employed	20		
Per person hour: manufacturing industry	20		
production industries	16		
Overseas trade (see Exports; Imports; Visible trade)			
Personal disposable income	4,8	Central Statistical Office	Monthly Digest of Statistics
Personal income before tax	4	Central Statistical Office	Monthly Digest of Statistics
Petroleum (see also Energy)	15		
Population			
Estimates *per capita*, income, product and spending	8	Central Statistical Office	Not published elsewhere
Prices			
Average price of new dwellings on mortgage (see also Housing)	12		
Pensioner price indices	24	Department of Employment	Employment Gazette
Producer price index: input and output	1,24	Department of Trade and Industry	Monthly Digest of Statistics Business Bulletin
Producer price index (international comparisons)	26	Department of Trade and Industry	Not published elsewhere
Relative wholesale prices (as measure of trade competitiveness)	26	Department of Trade and Industry	Not published elsewhere
Retail price index	1,24	Central Statistical Office	Monthly Digest of Statistics Employment Gazette
Tax and price index	1	Central Statistical Office	

Private sector			
Capital account, financial surplus/deficit	33	Central Statistical Office	Financial Statistics
Gross fixed investment	7,9		Monthly Digest of Statistics
Housing starts and completions (see also Housing)	12		Housing and Construction Statistics
Liquidity	29	Bank of England	Financial Statistics
Producer price index (see also Prices)	1,24		
Production (see Industrial production; Motor vehicles: Output: Steel)			
Productivity: output per person employed, output per hour in manufacturing industries	20	Central Statistical Office Department of Employment	Monthly Digest of Statistiscs
Profits (see also Companies)	34		
Profits and dividends in invisible trade (see Balance of payments)			
Public sector		Central Statistical Office	Financial Statistics
Borrowing requirement	30,32		
Expenditure	31		
Capital account, financial surplus/deficit	33		
Fixed investment	7,9		
Housing starts and completions (see also Housing)	12		Housing and Construction Statistics
Receipts	31		
Purchasing power of the pound	24	Central Statistical Office	Not published elsewhere
Regional unemployment rates (see also Unemployment)	22		
Rent and non-trading income; I and C Companies	34		
Retail price index (see also Prices)	1,24		
Retail sales			
Value index numbers	6	Department of Trade and Industry	Monthly Digest of Statistics
Volume index numbers	1,6		Business Bulletin
Ratio of distributors' stocks to retail sales	14	Central Statistical Office Department of Trade and Industry	
Salaries (see also Wages and salaries)	23		
Saving, company (see also Companies)	33,34,35		
Savings ratio, personal	4	Central Statistical Office	Monthly Digest of Statistics
Selected retail banks rates (see also Interest rates)	39		
Services (see also Balance of payments)	27		
Steel, production and consumption	19	Department of Trade and Industry	Monthly Digest of Statistics
Sterling certificates of deposit (see also Interest rates)	39		
Sterling			
Exchange rate index	1,28	HM Treasury	Financial Statistics
Exchange rates against major currencies	28	Bank of England	
Stock appreciation, company sector (see also Companies)	34		
Stocks			
Changes by industry groups	13	Central Statistical Office	Monthly Digest of Statistics
Ratios: total stocks to GDP(E), manufactured stocks to manufacturing production, distributors' stocks to retail sales	14		Business Bulletin
Total changes in relation to GDP(E)	3		Monthly Digest of Statistics
Tax and price index	1	Central Statistical Office	Monthly Digest of Statistics
Taxes		Central Statistical Office	Financial Statistics
On capital	31		
On income	31		
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